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NEWS SUMMARY

GENERAL

Wall must fight new selection contest

Labour's organisation committee voted unanimously to make Militant Tendency member Pat Wall—chosen as candidate for Bradford North—fight a new selection contest.

But the committee endorsed another Militant member, Derek Hatton, as candidate for Liverpool Wavertree. Back Page

Guevara ahead

General Anibal Guevara was heading for victory in Guatemala's presidential elections, taking about 43 per cent of the votes after early returns. Page 4

Afghan toll claim

U.S. deputy Secretary of State Walter Stoessel said Soviet chemical weapon attacks in Arghanistan had killed more than 3,000. Page 4

Vietnam attack

Thailand said Vietnam had launched a big offensive in western Kampuchea, trapping Khmer Rouge guerrillas near the Thai border. Page 3

Tour protest

Paul Stephenson, the Sports Council's only black member, resigned over Mrs Thatcher's "failure to condemn" the English cricketers touring South Africa. Kent batsman Bob Woolmer joined the tour.

Judge 'was wrong'

The Appeal Court quashed a murder conviction against Londoner Newton Rose after finding that Old Bailey judge Edward Clarke was wrong to give the jury a secret deadline to reach a verdict.

Dozier trial opens

Sixteen Red Brigades urban guerrilla suspects went on trial in Verona charged with kidnapping U.S. Brigadier-General James Dozier. The trial was adjourned for a week.

LT fares rebuff

The Government rejected a GLC request for help to avoid the doubling of London Transport fares on March 21. Page 6

Cardiff firebomb

The Welsh Liberation Army claimed responsibility for explosion of an incendiary device at a Welsh Office building in Cardiff. No one was hurt.

Kidnap pay-out

Kidnappers released the 18-year-old daughter of a West German bank executive after forcing him to pay DM 2.7m (£630,000) ransom.

'Leave IRA' plea

Father Denis Paul, a chaplain at Belfast's Maze prison, urged young people to leave the IRA as their lives were endangered by its "lynch law."

Warships saved

The Government reversed its decision to phase out the Navy's two amphibious warships, HMS Fearless and Interpid. Page 6

Lift fall deaths

Three scaffolders died when a temporary lift fell away from the side of flats in West London and plunged eight storeys to the ground.

Briefly . . .

Cholera has killed 30 in West Java.

Lorry crashed into shops in Marand, north-western Iran, killing 10 pedestrians.

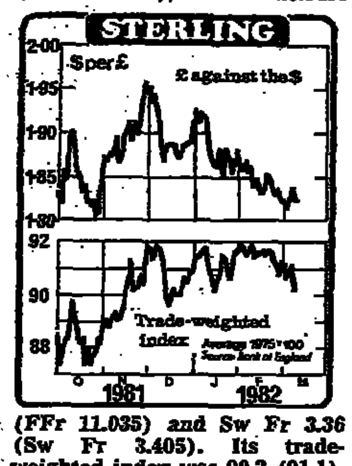
East German border guard defected to the West.

BUSINESS

Gold off $16.75; £ down by 1.35c

● GOLD fell $16.75 to $326.5 in London, its worst level since September 1979. In New York the Comex March close was $328.2. Page 29

● STERLING closed in London at $1.825, a fall of 1.35c from Friday. It slipped to DM 4.275 (DM 4.3125), FFr 10.9499



(FFr 11.035) and Sw Fr 3.36 (Sw Fr 3.405). Its trade-weighted index was 90.2 (91.1). Page 29

● DOLLAR fell to DM 2.3415 (DM 2.344) and Sw Fr 1.84 (Sw Fr 1.851). It was firmer at Y234.15 (Y234). Its trade-weighted index was 112 (112.2). Page 29

● GILTS demand was boosted by expectations of UK base lending rate cuts this week and accurate predictions of U.S. prime rate reductions. The Government Securities Index rose 0.2 to 68.56. Page 36

● EQUITIES were overshadowed by gilts. The FT 30-share index closed 3.4 up at 564.1. Page 36

● WALL STREET was 4.37 down at 802.99 near the close. Page 34

● BELGIAN Government proposed spending cuts, increased taxes and higher social security charges in a bid to cut public spending this year by BFr 112.5bn (£1.4bn). Back Page

● CHINA has created a new Ministry of Foreign Trade and Economic Relations, to replace four former ministries, under Chen Muhua, highest-ranking woman in the state apparatus. Page 3

● BUILDING ACTIVITY in the UK fell 12.3 per cent last year to its lowest since 1961. Page 6

● BL CHAIRMAN, Sir Michael Edwardes, is to be questioned by the Commons public accounts committee about alleged improprieties in the sale of assets from the company's Bathgate, Scotland tractor plant.

● EUROFLAME, the cooking appliances distributor, is to be investigated by the Department of Trade. Back Page

● BUSINESS INTERESTS of Mr Robert Holmes à Court revealed to the Takeover Panel the way in which they bought 925,000 ACC non-voting shares. Page 27, Lex, Back Page

● STEEL PRODUCTION stopped at BSC's Ravenscraig, Scotland, plant when new working practices were introduced without the approval of the biggest union. Page 8

● TOUCHE REMNANT, the investment management group, announced plans to reorganise its £900m of investment trusts, including making Cedar Investment Trust a unit trust. Page 28

● BTR, the energy, engineering and manufacturing group, improved pre-tax profits to £90.1m (£70.3m) last year. Page 26, Lex, Back Page

● BRITISH VITA, the manufacturer of polymeric products, increased taxable profits to £7.97m (£7.11m) last year. Page 28

Prime rate cuts to 16% fail to allay U.S. economic fears

BY DAVID LASCELLES IN NEW YORK AND DAVID MARSH IN LONDON

SOME MAJOR U.S. banks cut their prime rate by half a percentage point to 16 per cent yesterday. But while the move brought promise of relief for America's hard-pressed industrial borrowers, it was not widespread.

The initial euphoria that it triggered on Wall Street quickly evaporated as familiar worries about the U.S. economic outlook quickly reasserted themselves.

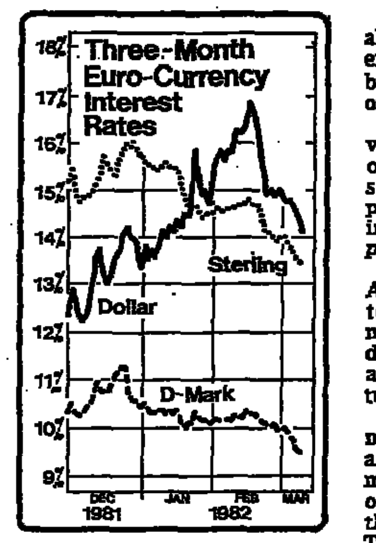
The U.S. move and pre-Budget optimism on London financial markets led to another decline in UK interest rates.

The Bank of England took further moderating action on the London money market desinged to postpone a cut in clearing bnaks' base rates until after the Budget.

Lower UK rates helped depress sterling against an otherwise weaker dollar. The pound closed in London at $1.8250, down 1.35 cents from Friday, and its trade-weighted index measured by the Bank of England dropped to 90.2 from 91.1.

The prime rate cut was led by Chase Manhattan Bank, New York's second largest, followed by Morgan Guaranty and Bankers Trust. First National Bank of Chicago and a handful of smaller regional banks joined the move.

But conspicuous absentees included Citibank and Bank of



America, the two largest in the country, and other major institutions in the big financial centres.

A cut in the primate rate was expected in the wake of last week's decline in U.S. interest rates and the resultant easing of banks' funding costs.

Friday's sharp $3bn fall in the U.S. money supply helped. However, considerable uncertainty still surrounds the U.S. interest rate outlook, and the recent volatility of money costs has made banks wary of following market trends too closely.

The pace of credit demand is also stronger than might be expected in a recession, though banks report ahat it is tapering off.

The prime rate cut sparked a vigorous but short-lived rally on Wall Street. Stock prices surged ahead in early trading, pushing the Dow Jones industrial average up nearly 10 points in the first half hour.

Weekend reports that the Administration would be forced to make some concessions to narrow its alarming budget deficit added to the sense that a corner might have been turned.

But by early afternoon the market had given up virtually all its gains. As the credit markets fell again, the talk was of economic gloom and the threat posed by the U.S. Treasury's heavy borrowing requirements.

Some of the interest rate caution spilled over to the gold slid a further $16.75 an oz to market. The London gold price close at $326.50.

Late in New York it fell further to near the $320 level as the credit markets weakened.

The London closing level, lowest since early September 1979, followed a day of further steady selling, with investors still depressed by general world recession and the prospect of more selling from the big gold producers and the Middle East.

Money Markets, Page 26

Labour may stop Reagan parliamentary speech

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE UK Government could be forced to withdraw its tentative invitation to U.S. President Ronald Reagan to address Members of both Houses of Parliament on June 8, following indications many members of the Labour Opposition might boycott the occasion.

Mr Michael Foot, Leader of the Opposition, who learned of the proposed address from press reports, yesterday told Mrs Margaret Thatcher, the Prime Minister, he opposed the plan totally.

He is understood to have said, at a private meeting in Westminster, that if Mrs Thatcher had consulted him before sounding out the President he would have made his hostility clear.

Both Government and Opposition are embarrassed at the prospect of a diplomatic incident in which both would be seen to snub the President.

Downing Street, in particular, appears annoyed at the manner the invitation was made public, through what it considers a premature announcement at the weekend from the White House.

It was made clear yesterday that the possibility of President Reagan's address had been discussed with U.S. officials but no formal invitation had been made.

The implication remains, however, that the Government may have made soundings with the intention of presenting the Opposition with a fait accompli which it would be extremely difficult for Labour to overturn.

Mrs Thatcher yesterday invited Mr Foot to a private 35-minute discussion at which Lord Carrington, Foreign Secretary, was present. She is understood to have apologised to Mr Foot for the premature disclosure and to have argued that President Reagan, as one of Britain's greatest allies, should be invited to address Parliament during his visit.

The Labour Party, however, feels such an invitation is an accolade which President Reagan does not merit. The last foreign leader to receive this honour, it was pointed out yesterday, was President de Gaulle in 1960.

Many Labour Members feel it would be ludicrous to invite President Reagan. They consider him an undistinguished man in his first year of office who has not made his mark in world affairs, and who is at best a controversial figure.

Mrs Thatcher is understood to be preparing a more formal approach to the Opposition. The shadow Cabinet will discuss this tomorrow. Mr Foot has indicated he appreciates the Government's dilemma and is prepared to discuss the matter with his colleagues.

While Labour may decide not to boycott the occasion formally, however, there is a possibility many Labour MPs might refuse to attend. This would be likely to embarrass the Government, though it might nevertheless continue with its plan to extend a formal invitation.

When the matter was raised in the Commons yesterday it rapidly became apparent Mr George Thomas, the Speaker, had not been consulted either.

No invitation could come from the Commons and the House of Lords without their approval, he said. He promised to make a statement to the Commons after he had had time to consider the matter.

GM-Toyota joint venture talks

BY RICHARD C. HANSON IN TOKYO

GENERAL MOTORS of the U.S. and Toyota of Japan, two of the world's largest car manufacturers, are considering a joint venture to build small cars in the U.S.

Mr Eiji Toyoda, the president of Toyota, and Mr Roger Smith, chairman of GM, met in New York last week and discussed the idea, both groups said yesterday. They have agreed to further talks although no details were disclosed.

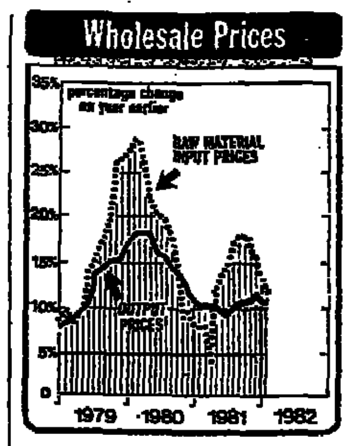
For Toyota, an agreement with GM would resolve the dilemma of how to cope with protectionist pressures in the U.S. The disclosure of the talks comes against a background of mounting U.S.-Japan trade friction.

A joint production agreement between these two major car producers could, however, run foul of U.S. anti-trust laws, motor industry analysts pointed out.

Toyota discussed a possible joint venture with Ford of the U.S. last year but the idea foundered because of Japanese fears of an Arab boycott of its products. Ford has a manufacturing plant in Israel.

This leaves GM as the only remaining candidate for a link. American Motors is tied to Renault of France, and Chrysler, beset by financial problems, owns 15 per cent of Mitsubishi, another Japanese manufacturer.

Toyota's discussions with GM have caused some surprise because of the U.S. company's existing links with smaller Japanese companies. GM holds 34.2 per cent of Isuzu, the truck manufacturer. Last year GM and Isuzu joined with Suzuki, a producer of mini-cars, to develop a small car.



Increase in industry costs slows

By Max Wilkinson, Economics Correspondent

THE ANNUAL rate of increase of industry's costs fell 1½ percentage points to 12 per cent last month compared with January, according to Central Statistical Office figures published yesterday.

The annual inflation rate of wholesale prices was down ½ point to 10.6 per cent indicating overall a substantial easing of inflationary pressure on industry.

This will be welcome news to Sir Geoffrey Howe, the Chancellor, whose Budget this afternoon will concentrate on the continuing fight against inflation while giving limited help to industry.

One of the most encouraging pointers from the figures is that industrial costs rose only about 1 per cent in the last six months.

This reflects sterling's strength as well as the general recent weakness of commodity and oil prices.

The cost of materials and fuel for industries other than those supplying food, drink and tobacco rose ½ per cent in the past six months.

The annual rate of increase of industry output prices fell for the second month running after rising steadily in the second half of last year. This rise reflected the falling value of sterling during the earlier part of 1981.

The latest annual inflation rate for retail prices in January was 12 per cent.

Yesterday's wholesale price figures will boost the Government's hopes that the rate will start falling again. The easing of oil prices should help further to contain costs and prices.

The Government's target of bringing the inflation rate down to 10 per cent by Christmas this year looks attainable. Some analysts are even predicting a rate in single figures before the end of the year.

The wholesale price index for sales of manufactured goods in six months to February was 4½ per cent; compared with 4½ per centin the six month to Januery.

The price index for materials and fuel bought by manufacturing industry was 239.6 (1975=

Continued on Back Page
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Oil likely to fall to $30 a barrel, industry predicts

BY RAY DAFTER, ENERGY EDITOR

THE REFERENCE price of crude oil produced by members of the Organisation of Petroleum Exporting Countries is likely to fall to about $30 a barrel within the next few weeks — a drop of at least $4 —according to oil industry leaders.

International oil producers and traders said yesterday that Opec's weekend agreement to reduce its collective output from about 20m barrels a day to 18.5m b/d would be insufficient to restore order to the oversupplied oil market.

It was felt that the 13-nation organisation would be forced to cut production even further and accept a big reduction in official prices: probably by at least $4 a barrel — possibly more if demand remains weak. Opec ministers are scheduled to hold an emergency meeting in Vienna next week.

In the spot market yesterday prices of freely traded crude oil cargoes continued to fall. The spot price of Arab Light oil fell by 25 to 70 cents a barrel to about $28.50—about $5.50 below the contract rate. Forties Field oil from the North Sea was being traded at a similar price, about $1 less than the spot rate at the end of last week.

Few traders were prepared to predict pricing trends over the coming months. One said: "I have never seen such confusion in the market."

Oil companies pointed out that the market could not sustain a position in which high grade North Sea oil was being sold under contract for $31 a barrel — as much as $6 below the price being charged for similar crudes by African members of Opec.

"The real issue is whether Opec can become a true cartel and act together to control production," said a senior economist with a leading U.S. oil corporation. He thought that Saudi Arabia's decision to lower its production ceiling from 8.5m b/d to 7.5m b/d — part of the Opec production accord announced at the weekend — was a move in the right direction but it did not go far enough.

Companies said that while price cuts could help the West emerge from recession, they were causing some problems. Companies pointed out that:

● A number of Opec members could soon face economic and political crises. These could make some governments vulnerable and unpredictable. "We are reaching a highly unstable state, the effects could be really nasty," said one London-based oil economist.

● There were signs that the public may be relaxing conservation efforts. New attitude surveys in the U.S. showed that more motorists want to return to driving large cars.

● Uncertainty about future energy prices was causing fuel industries to reconsider their investment programmes. Oil exploration activity in the U.S. was falling: initial seismic operations were 10 per cent down on the peak of last September; and drilling activity had fallen by 7 per cent since the end of last year.

"The oil industry has lost control of the oil market. It is being carried along by speculators," said one trader.

Few industry observers were willing to predict the outcome of the Opec meeting next week. One widely canvassed theory suggests that Saudi Arabia will agree to a further reduction in its output in exchange for modest cuts by other members and a lowering of the reference crude price to about $30. Six months ago Saudi officials were insisting that $28 was the correct market level for Arab Light crude.

Observers argued that the Saudis, dismayed at the way other Opec members forced up prices in 1979 and 1980, would use their production ability in the current weak market to obtain and maintain a moderate and unified pricing structure.

Richard Johns writes: The agreement reached by the majority of members of Opec at Doha, Qatar, at the weekend to reduce collective output appears to be a stated objective rather than a precisely worked out programme of action.

One evident contradiction was the decision to give Iran—in the absence of any representative from Tehran—an increased "quota."

The scale of Iranian shipments has been kept secret but they are reckoned to be running at about 1m b/d.

Iran, in a bid to boost its foreign exchange reserves, which are estimated at only $1bn has already brocken ranks with other members by cutting its price by $2, lowering the rate for Iranian Light from $34.20 to $32.20.

Tehran is making strenuous efforts to find new customers. It could export from 1.5m b/d to 2m b/d and is unlikely to be inhibited by any Opec agreement.

£ in New York

—	Mar. 5	previous
Spot	$1.8270-8300	$1.8350-8370
1 month	0.10-0.15 pm	0.08-0.13 pm
3 months	0.44-0.49 pm	0.42-0.47 pm
12 months	1.95-2.05 pm	1.95-2.05 pm

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchqr 14pc 1986	£99½	+ ⅝
Exchqr 15pc 1997	£109½	+ ¾
BICC	323	+ 11
Barratt Devs	277	+ 15
Braby Leslie	56	+ 4
Bulmer (H. P.)	348	+ 10
Cliver Discount	29	+ 3
Davies Metcalfe A	60	+ 10
Dubilier	78	+ 7
Dyson (J. and J.) A	95	+ 4
Estates and General	74	+ 16
GUS A	495	+ 10
Greenfields Leisure	23	+ 4
ICI	346	+ 8
Land Securities	312	+ 5
London Brick	54	+ 5
Midland Bank	350	+ 8
Pleasurama	412	+ 22
Provident Financial	130	+ 5
Racal Elect	363	+ 6
Scholes (G. H.)	300	+ 35
Scott (David)	21½	+ 4
Sonic Sound	112	+ 12
Standard Tlphones	470	+ 15
Wiggins Cns	105	+ 9
Wimpey	108	+ 5
Bond Crpn	95	+ 8
Central Pacific	27	+ 5
Charter Cns	222	+ 7
Western Mining	208	+ 8
FALLS		
LASMO	290	− 10
Ultramar	358	− 10
Anglo Amer Crpn	495	− 30
Anglo Amer Gold	£28½	− 3
Bracken	93	− 11
De Beers Dfd	292	− 11
Driefontein	822	− 90
Leslie	£11	− 1½
Pres Steyn	£11	− 1½
Randfontein Ests	£19½	− 1¾

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Madrid security conference will adjourn

BY OUR MADRID CORRESPONDENT

THE DEADLOCKED Madrid meeting reviewing the Helsinki accords on security and co-operation in Europe agreed to adjourn yesterday from Friday until next November in recognition of the stalemate in East-West relations caused by events in Poland.

The extent of the deadlock at the 35-nation conference became evident last Friday. The Western nations refused to agree to further meetings of working groups drafting a concluding document until an early adjournment date was agreed. This led to the suspension of the plenary session at 4.20 on Saturday morning under the diplomatic guise of a "coffee break" that lasted until yesterday.

Jolted by the manifest decision of the Western group not to do "business as usual" in Madrid while martial law continued in Poland, the Soviet delegation agreed at the weekend to a proposal by the neutral nations that the meeting adjourn from March 12-November 9.

A Western delegate described the marathon Friday-Saturday session and the subsequent 57-hour coffee break as "one of the few times that the West has outsat the East at an international conference."

Under the terms of yesterday's plenary session the meeting of all the delegations on Friday will decided on a further working programme in order to complete a balanced and substantive concluding document. Diplomats, however, said that "a firm gentleman's agreement" had been elicited from the Soviet delegation to ensure the mandatory consensus for a nine-month recess.

The determined Western drive for an early adjournment was the underlying theme of the speeches by foreign ministers last February 9 when the conference reconvened after Christmas. Speakers, led by Mr Alexander Haig, the U.S. Secretary of State, stressed that there could be no "business as usual" in Madrid while the Polish crisis persisted.

An adjournment was resisted by the Eastern bloc which claimed that the plenary discussion of developments in Poland was an interference in its internal affairs. The Western decision not to participate in working groups ostensibly drafting a concluding document for the past month reduced the Madrid meeting to stormy sessions of mutual recriminations between East and West.

Concerned that the continued meeting of the drafting groups, despite the absence of any negotiations, gave the Eastern bloc a basis for claiming that the Madrid conference was continuing as usual, the Nato caucus here chose last Friday to make a determined bid for a recess.

Last Friday was the original target date for the completion of the Madrid conference with a concluding document that would have reaffirmed the Helsinki detente accords.

The conference has been continuing, off and on, in Madrid since November 1980 as East-West relations deteriorate progressively.

Haughey is favourite to form government

BY BRENDAN KEENAN IN DUBLIN

MR CHARLES HAUGHEY, the Fianna Fail leader, is still favourite to form a government when the Irish Parliament meets today, but the result could be in doubt until the actual division and the winning margin could be only one vote.

Meetings were being held right up to the last minute on the various permutations which might produce a government. Mr Haughey needs the support of at least two other members, while the outgoing Prime Minister, Dr Garret FitzGerald, needs at least five to continue in office.

Dr FitzGerald's hopes have been kept alive by the possibility that the five left-wing TDs (MPs) might vote as a block. There seems a fair possibility that he will get four of these votes: three from Sinn Fein, the Workers' Party, plus Mr Jim Kemmy, an Independent.

The belief among many observers was that the fifth left-winger, Mr Tony Gregory, was more likely to support Mr Haughey and that his vote, along with that of Independent Fianna Fail TD, Mr Neil Blaney, would ensure victory for Mr Haughey.

The Prime Minister has indicated to the Independents that he is prepared to change the more contentious proposals in his defeated budget, while maintaining the same deficit. The changes involve the imposition of VAT on clothing and on footwear and the proposals to reduce food subsidies.

There has been some muted criticism of this approach from some of Dr FitzGerald's backbench supporters. They believe that the price of staying in office with left-wing support could be too high and do not relish the prospect of another minority Government. Dr FitzGerald, however, is determined to fight to the end for his Government's survival.

Anglo-Irish Council MPs may meet soon, Page 10

Close Brezhnev aide wins top Soviet honour again

MOSCOW — Mr Leonid Zamyatin, a leading foreign policy spokesman for President Leonid Brezhnev, the Soviet leader, has been awarded the Soviet Union's highest decoration on his 60th birthday, the official news agency Tass said yesterday.

Mr Zamyatin, who headed Tass from 1970 to 1978, was given his second Order of Lenin "in recognition of his services to the Communist Party and the Soviet State," the agency said. He won his first Order of Lenin in 1971.

In 1978 Mr Zamyatin was named chief of the newly created Department of International Information of the Communist Party's policy-making central committee. He has been a member of the committee since 1976.

He acted as party spokesman to the foreign Press during the party's 26th congress in February last year, and frequently handles media questions when Mr Brezhnev travels abroad.
AP

Spanish coup bid 'had royal backing'

By Tom Burns in Madrid

THE controversy surrounding the court martial in Spain of the officers indicated following last February's coup attempt heightened yesterday when the first defendant to face cross-examination, General Jaime Milans del Bosch, repeated allegations that King Juan Carlos supported the rebellion.

He also testified that several other military plots were being hatched.

Gen Milans del Bosch's cross-examination by the chief prosecutor followed two weeks of hearings in which written statements taken during the preliminary investigations were read out to the 17-man bench of senior generals.

Gen Milans del Bosch, the most high-ranking defendant on trial and widely admired in military and right-wing circles, stated his "absolute conviction" that the King backed an attempt to "redirect" through his generals a discredited government headed by Sr Adolfo Suarez, the then Prime Minister.

Gen Milans del Bosch said the basis of his claim of royal involvement was a conversation he had in January last year with co-defendant Gen Alfonso Armada, a former tutor of the King and a deputy chief of army staff at the time of the coup.

King's opinions

Gen Milans del Bosch claimed he was told that the King had backed action during conversations with Gen Armada on a skiing holiday in the Pyrenees.

Gen Armada, in written evidence, has denied that he discussed the King's opinions with Gen Milans del Bosch.

Gen Milans del Bosch emphasised that there were at least three different plots within the military early last year, one involving lieutenant colonels, one backed by colonels and a third with the Civil Guard playing a pivotal role.

Gen Milans del Bosch, who declared martial law in the eastern Valencia military region when the Spanish parliament was seized by the Civil Guard, claimed that he acted to channel the various plotting groups.

Asked by the prosecutor who was behind the alleged colonels' coup, Gen Milans del Bosch said he would not reveal names. Asked who had arranged a conspiracy meeting in Madrid between himself and Lt-Col Antonio Tejero, a co-defendant and the leader of the parliament-seizure, Gen Milans del Bosch refused to reveal who it was, adding that it was not one of the accused. He also testified that others, whom he did not name, were also present at that meeting.

The trial, at which Gen Milans del Bosch and 32 other defendants face sentences of up to 30 years' jail, continues.

Gen Milans del Bosch

Giles Merritt reports from Brussels on the crisis at Cockerill-Sambre

Belgian steel strikers juggle with time bomb

IF THE grim outlook for Cockerill-Sambre — Belgium's crisis-torn, strikebound steel-making giant—were translated into British terms, then the livelihoods of well over 1m people in the UK would today be at risk.

The parallel should not be taken too far. But it does explain why the future of what at first sight looks to be just another ailing European steel producer is in reality a political time-bomb that the Belgian Government is treating with extreme caution.

The new Centre-Right coalition, whose leitmotif is the ordering of unruly state spending and an end to the subsidising of unviable industries, is treading most carefully around Cockerill-Sambre. Last year it lost the Belgian taxpayer BFr 17bn (£2.15m). This year it could cost BFr 12bn and, according to McKinsey experts in 1985 it will be sending in a bill for somewhere between BFr 5.7bn and BFr 18.8bn.

If let alone, the Cockerill-Sambre charge is fail-safe programmed to explode in the early part of 1985. But it must be defused before then.

Under the terms of the steel aids code agreed last year between EEC member states, the beginning of 1985 is the deadline by which national government bail-outs and cash aids must cease. So, according to the figures that have just been produced by McKinsey consultants, Cockerill-Sambre will on present showing still be deeply in the red at that point.

And, bereft of rescue funds, Cockerill-Sambre will then be rapidly forced into bankruptcy that would in turn involve an industrial collapse on a scale unheard of in an advanced Western economy. The group's 25,000 existing steel jobs would go overnight, and then there would be the potential disappearance of the 15,000 jobs accounted for by the 130 subsidiary companies involved in operations related to Europe's sixth largest steelmaker. On top of all that, there are the downstream "metallo" engineering jobs in Belgium's hard-hit French-speaking region of Wallonia, where Cockerill-Sambre is the economic dynamo. In all, the steelmaker's collapse might mean the disappearance of more than 100,000 prime male wage-earning jobs in a Walloon economy that now possesses rather less than a million such occupations in manufacturing industry: a loss of 10 per cent.

But much as it may be any government's instinct to delay decisions until the last deadline—and the Cockerill-Sambre steelworkers are now just into their second week of indefinite strike in defence of their jobs—the crippled Belgian steel group will not be allowed to safeguard employment up until that 1985 date. Britain has since 1979 lost more than 40 per cent of its steel jobs, France a quarter and Belgium only 7 per cent. For reasons that have more to do with the European Coal and Steel Community (ECSC) than Belgium's own political considerations, Cockerill-Sambre's timebomb cannot be left to tick remorselessly on towards inevitable destruction. The European Commission will not permit it, the other EEC steelmakers will not tolerate it and Belgium cannot afford it.

Persuading Cockerill-Sambre's workforce of the harsh realities of EEC steel industry restructuring would be easier if the Belgian steelmaker was not itself riven by its own internal rivalries. The group is in fact less than nine months old, and results more from a bookkeeping exercise in which the Belgian Government consolidated the two loss-making steel concentrations of Wallonia—Cockerill, of Liège and the "Triangle" group of Charleroi companies led by Hainaut-Sambre—rather than from any attempt at synergy through merger. The result is a corporation that is as internally competitive as would be BSC-Italsider or Bethlehem-U.S. Steel. The traditional jealousies between Liège and Charleroi are such that restructuring is being postively hindered by the refusal of each partner to close plant in favour of the other and their joint insistence that new investment projects should be evenly matched.

The inevitable outcome is an average overcapacity level in Cockerill-Sambre of 50 per cent so that last year the group produced 5.5m tonnes of crude steel on an nstalled capacity of about 11m tonnes. And with 80 per cent of that output being exported, the country's Economic Affairs Minister, Mr Mark Eyskens, has recently pointed out that the Government is in effect giving Cockerill-Sambre export subsidies ranging from BFr 1,000-2,500 per tonne. Total 1981 losses were BFr 17-18bn.

The question now, of course, is the level to which Cockerill-Sambre's capacity should be reduced, and where, without provoking political turmoil throughout Wallonia. It is a conundrum that Belgium has been puzzling over since 1971, and today the options are inevitably fewer and less attractive. In May last year, shortly before the formal creation of Cockerill-Sambre as an 80 per cent state-owned concern, the Belgian Government agreed a restructuring plan known as "Option 10."

This envisaged a loss of 5,000 jobs, most of which would come from natural wastage and the dismissal of regular absentees, and which would be more or less evenly distributed between Liège, where the workforce then numbered 15,500, and Charleroi, where it was 11,900. Over three years, total capacity would be cut back to 8.5m tonnes of crude steel, or 7.1m tonnes of finished products. That in itself involved a complicated schedule of cutbacks and closures in the myriad workshops and production units that line the River Meuse in the Liège area and the River Sambre at Charleroi.

"Option 10" also included ambitious modernisation plans, despite joint losses of BFr 25bn, considered irrecoverable by the Government, a further BFr 34bn was being earmarked so that the group would have four major hot rolling complexes, each relying on continuing casting so as to be among the most competitive in Europe.

But the European Commission in Brussels was already harbouring grave doubts as to the long-term effectiveness of the restructuring programme. Not only did it appear based on somewhat optimistic assumptions concerning the eventual recovery of steel prices, it also relied on a 7 per cent increase in Cockerill-Sambre's output at a time when production quotas were being used to prohibit EEC steelmakers from over-supplying a weak market. The relationship between the steelmaker and the Commission was, furthermore, being soured by the Belgian groups' failure to seek permission for some of its new investments, notably the Carlam laminating unit at Charleroi, where capacity is being doubled.

The solution to this uneasy state of affairs, it was agreed, was to put a team of independent McKinsey management analysts into Cockerill-Sambre to verify the recovery programme that had in large part been drawn-up by Nippon Steel experts. McKinsey are no strangers to the problems of Belgian steel, having in 1978 delivered an exhaustive report on the Liège industry's outlook. But their findings, and their own proposals, which are now being called "Option 12," were such that they have apparently prompted the Brussels Commission's decision not to allow important elements of the Belgian restructuring plan; a full third of the investments contained in it are unacceptable.

The shock of being told last month by Viscount Etienne Davignon, Belgium's own EEC Commissioner who holds the industry portfolio, that the Commission now favours McKinsey's much more radical proposals, has unleashed a storm of protest throughout Wallonia. Belgians are not so used as, say, Britons, to hearing bad news from the Commission, and their reaction has been bitter. For Option 12 is understood to envisage cutbacks at Carlam and the scrapping of the new continuous casting and integrated production complex that Cockerill's Seraing works was to have gained. The C-S group's total capacity in finished steel products would be brought right down to 6.3m tonnes a year and some 7m tonnes of crude steel capacity. According to militants of the steelworkers' trades unions, lay-offs would be about double the original level agreed and could total 10,000 men.

The Belgian Government is itself apparently in little doubt that the Commission's stance is correct. McKinsey's calculation of probable losses in 1985—which would, if adverse market conditions persist, exceed those of 1981, despite possible government funding in 1982-85 of up to BFr 90bn—risks undoing much of the new coalition's economic austerity efforts. And the realisation that Option 10 is dangerously open-ended as a plan has lately been driven home to it by the fact that Cockerill-Sambre's expected BFr 5bn "cash drain" for 1982 will hit BFr 3bn in the first quarter.

Just what product range would remain to Cockerill-Sambre under the more draconian restructuring plan now on the table is still unclear. But clearly the European Commission plans to press for the Belgian group to extend the cross-frontier ventures it already has to a limited extent with Luxembourg, and although Cockerill-Sambre describes the idea as "premature," Viscount Davignon has publicly indicated that a link between Holland's Hoogovens an dthe Valfil wire-making works at Liège would be encouraged by Brussels.

Convincing the steelworkers of Wallonia that such savage pruning is now the only available course of action if Cockerill-Sambre is to be saved will not, however, be easy. Ever since an Englishman called John Cockerill first launched his business in 1817, the region's steelmen have been the aristocrats of Walloon industry. Although paid an average 25 per cent more than steelworkers employed by Arbed in neighbouring Luxembourg, their unions have so far refused to accept the 4-5 per cent wage reductions that were an integral part of last May's restructuring agreement. In their present angry mood, it is hard to see what new proposals from the Brussels Commission or the Belgian Government, other than a climbdown, could break their declared "strike to the finish." It is harder still, though, to see how any plan that falls short of McKinsey's Option 12 could save Cockerill-Sambre.

Previous steel sector cutbacks have produced angry confrontations in Brussels between police and steelworkers.

Taxes rise in Greek budget

By Victor Walker in Athens

GREECE'S new Socialist Government last night introduced a property tax and increased a wide range of other taxes in an attempt to combat inflation which last year reached 25 per cent.

Introducing the budget, Mr Manolis Drettakis, the Finance Minister, said the government's aim was to "promote social justice, revive the economy, reduce inflation and create the conditions for implementation of a five-year social and economic development plan from 1983."

However, last year the public sector borrowing requirement was equivalent to 12 per cent of GNP and the Government has had to put aside pre-election promises of new schools and hospitals. It hopes to cut the public sector borrowing requirement to 9 per cent of GNP this year.

The Government forecasts total state revenue at Dr 685bn (£6bn), up 58.5 per cent on last year, and total expenditures at Dr 932.2bn (£8.1bn), up 35 per cent. Last year expenditures had been swollen because of earthquakes in the spring and, in particular, the large expenditures of the New Democracy Government as it sought to stave off defeat in last October's general election.

Work on the budget has brought thet Government of Dr Andreas Papandreou sharply into contact with the reality of Greece's economic situation. Last year GNP fell by 0.2 per cent and investment by 5 per cent.

The Government is to increase Greece's small social welfare budget by 42.3 per cent to Dr 107.4bn (£950m), while expenditure on defence is to rise 27 per cent to Dr 120.7bn (£1.06bn): the Government fears confrontation with Turkey.

On the revenue side, income tax is to be reduced for lower-income brackets while a property tax has been introduced on a sliding scale rising to 2 per cent of the value of non-industrial property worth over Dr 30m.

The government echoes its predecessors in saying it hopes to crack down on tax evasion. It is also planning to trim the tax reliefs of groups such as doctors.

West may revise position on Polish debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SIGNATURE OF the agreement between Poland and Western banks to reschedule debts outstanding from last year might prompt Western governments to reconsider their own hard-line attitude towards Polish debt. This prospect emerged in Basle yesterday as senior Western central bankers gathered for their monthly meeting at the Bank for International Settlements.

Bankers said that if the commercial banks and Poland sign an agreement as expected in early April, a meeting of Western governments would probably be arranged shortly afterwards to review the position regarding official debt.

This would be the first gathering of creditor governments since January, when they decided not to discuss a 1982 rescheduling arrangement with Poland because of the military takeover in December.

The signing of the commercial bank agreement to defer repayment of some $2.4bn in debt falling due last year depends on Poland paying all outstanding arrears on 1981 interest. Yesterday, Poland reaffirmed publicly that it would pay this interest, estimated at something over $50m.

Poland failed to meet an earlier February 15 deadline, partly, the central bankers said, because it encountered unexpected difficulty in finding Western export markets for its coal production. It is generally felt by commercial banks that the March 26 deadline is Poland's last chance for an agreement with them.

Three months after the military takeover, Western governments are understood to be slowly coming round to the realisation that they will have to reconsider their refusal to reschedule official debts falling due this year.

Progress with the commercial bank agreement offers a good chance to reopen the discussions. Poland, however, would not necessarily be invited to attend a first meeting of Western governments. They would need to reach a consensus on an appropriate line to take on Polish debt. It is understood that only concerted action would be feasible.

The central bankers believed it very unlikely that any one leading creditor country, such as Austria, would be prepared to enter into debt negotiations with Poland purely on a bilateral basis.

Flowers recall Warsaw University purge

BY CHRISTOPHER BOBINSKI IN WARSAW

FLOWERS WERE laid and a few candles lit yesterday at a plaque just inside the gate of Warsaw University commemorating the breaking up of demonstrations and a subsequent purge of staff and students there 14 years ago this week.

Riot police units were put on alert and plain-clothes policemen mingled with passers-by on the street outside in case of demonstrations, but students contented themselves with flowers.

A little way down the street people also placed flowers on railings surrounding the monument to Adam Mickiewicz, Poland's leading 19th century romantic poet, the banning of whose play led to the demonstrations in 1968. In a display of vigilance, the authorities parked two lorry loads of riot police and a water cannon in the street opposite the statue to ensure that the flower arrangement did not get out of hand.

No attempts were made to stop passers-by from carrying flowers as yesterday was also Womens Day, making it impossible to distinguish the obligatory flowers being carried to women friends and colleagues and those carried for politcal purposes. But the police did park a van next to the Copernicus statue a few yards from the university to prevent flowers being laid there.

The plaque at the university was put up last year by staff, students and the local Solidarity union chapter. In response, the authorities permitted the establishment of the small Grunwald Association, a conservative, pro-Communist party, anti-semitic group which held a meeting of its national committee last Sunday in a gesture designed to remind people of the existence of a group which claims 250,000 members. This figure is thought by many to be greatly exaggerated.

● Polish officials said yesterday that about 100 of those interned since December 13 are being prosecuted. More than a dozen internees have applied for passports to emigrate following the authorities' offer that those who wished could leave the country.

Commission puts pressure on Ten to raise energy taxes

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS are being urged strongly by the European Commission to raise their energy taxes to nip in the bud any complacency among consumers and investors over the current decline in oil prices.

The advice is contained in the Commission's quarterly economic forecasts and policy recommendations which express anxiety at the threats to the modest 1.6 per cent growth rate foreseen for the Ten this year.

The Commission thinks that higher taxes on the consumption of energy products would help demonstrate that oil-importing countries are not about to repeat the errors of the 1970s which helped to magnify the effects of the second oil-price shock.

Higher taxes would show consumers and investors that "there is no question" of relaxing efforts to conserve energy and diversify supplies, the Commission believes.

The Commission's more general recommendations indicate that Brussels, like all member governments, has only partial answers to the problems of reducing unemployment without endangering fiscal and monetary stability.

It suggests that only the UK and West Germany have any scope for a modest expansion of public spending. Both are urged not to adopt "restrictive" budgets in 1982 and to aim for monetary growth at the top end of their target zones.

To some extent, the Commission's analysis shows how much more room for manoeuvre Sir Geoffrey Howe, the UK Chancellor, enjoys with his budget proposals today than many of his EEC colleagues.

Although all Ten face an increase in unemployment this year, from an average 7.9 per cent in 1981 to 9.1 per cent, the UK's expected 10.3 per cent inflation rate will be just below the Community average as will its monetary growth and its central government borrowing requirement.

The Commission is clearly worried about the inflation outlook in Italy, Ireland and Greece — each has an annual rate above 15 per cent while Greece could touch 24 per cent.

In addition, Greece, Ireland and Italy, together with Denmark, will need to act sharply to prevent ballooning budget deficits, the Commission suggests.

● European Community science and research ministers yesterday agreed to spend a further $680m (£372m) of EEC funds on research into energy production from nuclear fusion, over the next five years, Reuter reports.

Some $350m of the money will be used to further work on the Joint European Torous

W. German protest party gathers strength

BY JAMES BUCHAN IN BONN

THE GREENS, West Germany's small but shrill protest party, has given sharp warning of the threat it poses to the Government parties in regional elections this year.

Their remarkable performance in Sunday's municipal elections in the state of Schleswig Holstein spells particular danger for the Social Democrats (SPD) and Free Democrats (FDP) in regional polls in the neighbouring states of Lower Saxony, in a fortnight, and Hamburg in June.

There is a strong possibility that the Greens will beat the Free Democrats in the battle for the 5 per cent of the vote required for representation in the regional parliaments.

The Greens started life as an ecological party but has branched out into fierce opposition over such issues as the stationing of new U.S. nuclear missiles in West Germany. It increased its share of the Schleswig Holstein vote from 0.7 per cent in the last poll in 1978 to more than 5 per cent. The SPD lost 5.9 per cent of its support to muster only 34.6 per cent and the FDP dropped from 7.3 per cent to 6.8 per cent.

A party such as the Greens is bound to show its best strength at local council level, where it can most effectivly mobilise support against motorways or nuclear power plants. But it is clearly profiting from the general disillusionment with the established parties, now in the throes of an investigation into bribery and tax evasion in their handling of party contributions.

This helps explain the relatively small increase registered by the Christian Democrat opositionp, which could only boost its share of the vote by 0.9 per cent in Schleswig Holstein despite the stampede away from the SPD. Herr Peter Glotz, the Social Democrats' national party manager, admitted ruefully yesterday that the "contributions affair" had played a role in both Sunday's low turnout and the drift of young people to the Greens.

It is also considered highly probable that the disputes within the coalition, most notably over a government jobs creation programme, and within the SPD over new U.S. missiles deployment in Europe have contributed to the disillusionment.

The Social Democrat Party in Schleswig Holstein has already taken issue with the decision of its national executive to put off debate whether to accept the 580 missiles until just before they are due to be installed in the autumn of 1983.

At the weekend, however, a group of left-wingers known as the "Frankfurt Circle" and headed by Herr Erhard Eppler, the SPD disarmament champion, made clear they would press at the party congress in April for discussion of Schleswig Holstein's motion for a moratorium on all new intermediate range missiles. Success in this would almost certainly lead to a bitter debate which would further damage the prestige of Chancellor Helmut Schmidt.

If more were needed to trouble the Chancellor's peace of mind, Herr Manfred Coppik, a left-wing deputy who left the SPD in January, announced at the weekend that he was forming a new party of "Democratic socialists" and intended to fight the most critical of the four regional elections in Hessen in September.

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Vietnamese attack corners Khmer Rouge forces

BY KATHRYN DAVIES IN SINGAPORE

VIETNAMESE forces and Kampucheans loyal to the Phnom Penh Government of President Heng Samrin, have launched a major offensive and succeeded in pinning down Khmer Rouge guerrillas in western Kampuchea close to the Thai border.

According to the Thais, a fierce battle continued yesterday following a weekend assault by the Vietnamese which is reported to have caused heavy casualties. In addition, Vietnamese troops are said to have been exchanging artillery fire with Thai forces close to the frontier town of Aranyaprathet.

Thailand says villages on its side of the border have been bombarded from Kampuchea and that two civilians were killed while fleeing the battle zone.

This is the first time since they ousted the Khmer Rouge in December 1978 that the Vietnamese have posed a serious threat to Khmer Rouge enclaves in the mountainous region of western Kampuchea.

The Thais say that Vietnamese troops have established forward bases in areas they have overrun, although the Khmer Rouge is still holding significant teritory. The Thais say they will fire back across the border at the Vietnamese if they feel that Thai territory is under attack.

But the Khmer Rouge may now have little option but to retreat from their remaining bases and regroup in Thailand. Apart from raising the spectre of a mass influx of refugees similar to that of November 1979, the Vietnamese offensive suggests that Hanoi is telling the five-nation Association of South East Asia Nations that its diplomatic efforts to solve the Kampuchean issue may soon become irrelevant.

Thailand, together with its Asean partners, Singapore, the Philippines, Malaysia and Indonesia, wants the 150,000-strong Vietnamese force to leave Kampuchea and a neutral, preferably non-Communist government to be installed in Phnom Penh. But a military victory by the Vietnamese and their Kampuchean allies would render this highly unlikely.

China has protested to Vietnam over what it describes as a serious incident last week in which several Chinese fishing boats were shelled by Vietnamese naval vessels in the South China Sea, Tony Walker reports from Peking.

Accusing Vietnam of having launched a "brazen attack," the Chinese say one fishing boat exploded after being hit by a shell and another burst into flames.

The New China News Agency says some 18 people are missing from the boat that exploded.

CHINA STREAMLINES BUREAUCRACY

Trade overlord appointed

BY TONY WALKER IN PEKING

CHINA HAS created a new super Trade Ministry as a result of a streamlining of the national bureaucracy which is now taking place.

The new Ministry will incorporate the old Ministry of Foreign Trade, the Ministry of Economic Relations, the State Administrative Commission on Import and Export Affairs, and the State Foreign Investment Commission. It will be known as the Ministry of Foreign Trade and Economic Relations.

The new Minister will be 61-year-old Chen Muhua, the highest-ranking woman in the state apparatus. The previous Minister for Foreign Trade, Zheng Tuobin, will become a Vice-Minister in the new Ministry.

Apart from the creation of the new Ministry, the Standing Commission of the National People's Congress, China's parliament, which concluded an important meeting in Peking yesterday, announced the appointment of a number of new Ministers, the abolition of 11 Vice-Premier posts, and the disbanding of several Ministries and commissions.

The moves are part of the streamlining of the bureaucracy which was launched as a national campaign about a month ago. Among the commissions to be abolished are the State Agricultural Commission, the Capital Construction Commission, the Machine Building Industry Commission, the Energy Commission and the financial and commercial group under the State Council, China's Cabinet.

Responsibilities of these commissions will be taken over by other Ministries and the State Economic Commission will have its functions strengthened. Other Ministries affected in the shake-up are those of Power and Water Conservancy, which will be merged, and the Ministry of Commerce which will take over the operations of the all-China Federation of Supply and Marketing Co-operatives and the Ministry of Food.

Among veteran officials who lose some of their responsibilities is Gu Mu, a Vice-Premier, who sees control of the State Administrative Commission on Import and Export Affairs and the State Foreign Investment Commission pass to the new Trade Ministry.

Mr Gu, who is in his late 60s, also faces the prospect of losing his Vice-Premiership as a result of the planned reduction of Vice-Premiers from 13 to two. Another apparent casualty of the bureaucratic streamlining is former Commerce Minister Wang Lei, who was criticised about a year ago over his practice of eating in one of Peking's best restaurants without paying the full cost.

Gu Mu: displaced in the sweeping changes

Meanwhile, the Standing Committee of the National People's Congress has released details of tough new regulations to combat what the Chinese describe as "economic crimes." Those engaging in crimes such as smuggling, profiteering and speculating in black market currency face execution.

The death penalty has been introduced to cover abuses of special position by state functionaries under the present campaign against corrupt officials. Previously, the toughest penalty for such crimes was life imprisonment.

Officials who accept bribes could be executed under the new regulations. According to an announcement by the Standing Committee, the measures are aimed at offenders who do great damage to the state economy.

Seoul plans to liberalise investment

South Korea plans to allow some direct foreign investment in the local stock market from 1985 and to fully liberalise it in the 1990s, according to a Finance Ministry report to parliament, Reuter reports from Seoul.

Two local trust companies last year launched South Korea's first overseas mutual funds, worth $30m, through the London-based Merrill Lynch International Bank and Crédit Suisse First Boston.

South Korea, which hopes to increase such investment funds, plans to establish a $50m investment corporation in the U.S. next year to help issue the funds.

Zimbabwe trial

The first of an expected series of treason trials involving Zimbabwean whites alleged to have plotted against the black majority Government opened in Bulawayo yesterday, Reuter reports from Salisbury. Four men were led before the High Court in handcuffs and leg irons charged with conspiring to foment rebellion in the province of Matabeleland.

Peking invitation

French and Chinese communists have prepared the way for restoring relations between their two parties, and China has invited French party leader, M Georges Marchais, to visit Peking, AP reports from Peking.

Singapore deficit

Singapore's trade deficit widened to S$1.817bn (£637m) in January from S$1.595bn a year earlier, the Department of Statistics said yesterday. Imports fell 6 per cent to S$5.117bn while exports fell 15 per cent to S$3.33bn. Total trade slowed.

Violence becoming a 'respectable option' for S. Africa's blacks

BY J. D. F. JONES IN JOHANNESBURG

NEW EVIDENCE about the attitudes of South African blacks to such vital issues as their support for the banned African National Congress, the role of the tribal "homeland" leaders, and the prospect of violent revolution, are contained in the Buthelezi Commission report, which has just been released.

The commission, which recommends a system of black-white power-sharing for Natal and Kwazulu (and by implication similar arrangements elsewhere in the republic), hired professional research organisations to carry out two attitude surveys of cross-sections of the population in both Natal and Kwazulu and elsewhere in the country.

The report suggests that this material will "form useful guides as to what is possible" in the changing political scene in South Africa—where it repeatedly emphasises the urgent need for movement and reform.

A few of the findings are:

The true strength of the various black leaders is obviously of great importance. The new research shows that the ANC leaders and Chief Gatsha Buthelezi himself rae overwhelmingly the most popular, though with wide regional variations.

In Kwazulu and Natal, Chief Buthelezi, who is Chief Minister of the Kwazulu homeland and also leader of the Inkatha Zulu-based Mass party, was given 59 per cent support in response to a "spontaneous" question asking who are "the real leaders of the black people," compared with 17 per cent for the "ANC leaders." On the Witwatersrand the ANC leaders overtake him with 42 per cent while the Chief drops to 17 per cent. Even on the Witwatersrand the local leaders, Dr Nthatho Motlana and Bishop Desmond Tutu, can only muster 7 per cent and 6 per cent respectively.

The ascendancy of Chief Buthelezi and the ANC also emerges from separate questions that were asked on the Rand and which can be compared with earlier research by a German team in 1977 and by two other studies in 1979 and 1980. This comparison shows that in the past five years the ANC has strengthened its position and is undisputed first in a rank-order.

In trying to gauge the militancy of the black majority, the commission found that in asking whether "nothing will work except bloodshed," the positive response differed widely: All Natal 21 per cent, all Witwatersrand 31 per cent, Soweto non-Zulu 41 per cent, graduates 70 per cent, Inkatha/Witwatersrand 38 per cent.

The commission says: "These results show that violence as an alternative is fast becoming a "respectable" option. "We have identified the scope of what appears to be a growing climate of revolutionary ideology."

The author of this part of the report, Professor Lawrie Schlemmer, admits that he did not put the option of "internal uprising" because he thought it too extreme. What he found was spontaneous mention of "either bloodshed, internal war or revolution" to between 98 per cent and 100 per cent. He concludes: "The overwhelming consensus on this terrifying expectation is very noteworthy indeed. Revolution is certainly no longer the topic only of frustrated intellectuals and armchair radicals."

When questions were put about black attitudes towards the tribal homeland "nation-states," the responses were overwhelmingly negative. Clear majorities agree the Kwazulu should not exist and that it should become part of a wider South Africa.

The commission also concludes that tribalism has a stronger attraction than is often believed. "There is substantial minority pride in ethnic identity . . . but near majority concern that ethnic characteristics should not be obliterated in a political dispensation."

Danger of hostilities 'has eased,' Israelis say

BY DAVID LENNON IN TEL AVIV

THE DANGER of hostilities breaking out between Israel and Palestinian forces in Lebanon appears to have receded, according to Israeli officials, who yesterday met Mr Philip Habib, the U.S. presidential envoy who has been touring the region in an effort to preserve the ceasefire.

The envoy was sent back to the Middle East last week, when an Israeli invasion of Lebanon appeared imminent, following an incursion by Palestinian guerrillas from Jordan to the Israeli-occupied West Bank.

Officials in Jerusalem said yesterday that Mr Habib had reported to Mr Yitzhak Shamir, the Foreign Minister, that from his talks in Lebanon, Syria, Jordan and Saudi Arabia, he had the clear impression that all parties were interested in maintaining the ceasefire.

Mr Shamir assured Mr Habib that, as long as the current calm was preserved in the North, Israel would not do anything to disturb the situation. He repeated Jerusalem's warning that, if attacks are launched against Israel by the guerrillas, Israel would respond.

The U.S. envoy was due to meet Mr Menehem Begin, the Prime Minister last night and Mr Ariel Sharon, the Defence Minister, today before flying back to Washington.

Sinai border disputes studied on the ground

BY OUR TEL AVIV CORRESPONDENT

DISPUTES over the demarcation of the international border between Israel and Egypt after the final Israeli withdrawal from Sinai next month were examined on the ground yesterday by Mr Kamal Hassan Ali, Egypt's Foreign Minister, and Mr Ariel Sharon, the Israeli Defence Minister.

Most of the disputes concern only a few yards of territory, but in Rafah on the Mediterranean coast and at Taba on the Red Sea problems are more complex, involving human and financial hardships.

The town of Rafah straddles the international border which runs across its main street. Strict adherence to the border line drawn by Britain and Turkey in 1906 would mean the destruction of over 150 houses and the separation of families living on either side of the frontier.

At Taba, near Eilat on the Red Sea, there is a dispute about where the border runs. If the Egyptians insist on their interpretation, then an Israeli holiday village and a hotel still under construction will end up on the Egyptian side of the border. Israel wants them to remain on its side.

Bahraini spending reduced

By Mary Frings in Bahrain

THE DEPRESSED state of the oil market has forced a 10 per cent spending cut on the Bahrain Petroleum Company, which owns and operates the island's refinery with an output of 250,000 barrels a day. The company is a 60-40 joint venture between the Bahrain Government and Caltex Petroleum.

Mr Don Hepburn, the chief executive, said that in view of reduced profit margins forecast for 1982, a modernisation programme was being slowed down although no major project was being cancelled. The light isomate project was going ahead on schedule, for completion in May 1983.

Similar budget reductions are expected to be made by the Bahrain National Oil Company, which is responsible for exploration, production and local marketing, and the Bahrain National Gas Company, whose liquefaction plant produces propane, butane and naptha from associated gas.

Petrol prices went up at Bahrain's petrol stations yesterday, by 25 per cent for 98 octane premium grade and 50 per cent for 92 octane. Premium now costs 75 fils a litre (about 50p a gallon) and regular 60 fils a litre (about 40p a gallon).

UN news body's 'appetite for funds' denounced

By David Tonge

BRITAIN yesterday launched its first open attack on a new United Nations body which it had hoped would help developing countries with their news communications.

Mr Douglas Hurd, Minister of State at the Foreign Office said in London yesterday that the International Programme for the Development of Communication had shown that its "appetite for funds is far greater than its willingness to work out a clear and sensible role for itself." It should not become a new international fund, he said.

His criticism comes six weeks after the IPDC, a body grouping 35 rich and poor nations, held its first meeting, in Acapulco, Mexico.

The IPDC was set up in 1980, by a conference of the UN Educational, Scientific and Cultural Organisation in the midst of growing acrimony over developing countries' calls for a "new information order."

Britain, the U.S. and West Germany saw their demands as threatening press freedom. They hoped the IPDC would take some of the sting out of the debate.

In Mexico the IPDC agreed to provide nearly $1m (£549,000) to support 17 projects in developing countries. Demands for help totalled $80m, though pledges from developed countries, the Arab world and Eastern bloc totalled only $3m.

AMERICAN NEWS

Genscher wants stronger Nato talks procedure

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

HERR Hans-Dietrich Genscher, West German Foreign Minister, yesterday proposed strengthening consultation procedures in the Atlantic Alliance by instituting a new series of informal meetings of Nato Foreign Ministers.

He made the proposal in talks with Mr Alexander Haig, U.S. Secretary of State, the main purpose of which was to prepare for a number of Western ministerial and summit meetings in the coming months.

Herr Genscher's suggestion is that the 15 Nato Foreign Ministers should meet alone, without advisers, once or twice a year — in much the same way as Foreign Ministers of the European Community have done for some years.

The aim would be to try to reduce strains in the alliance informally before they develop into major public disputes. Mr Haig was yesterday still considering the proposal, but he was said to believe that it might be a good idea.

Bonn would like the proposal to be discussed at the spring meeting of Nato Foreign Ministers in Luxembourg next month, and endorsed by the Nato summit due to be held in Bonn in June, which President Ronald Reagan is planning to attend.

The West German initiative is intended to be a follow-up to last month's call by Sig Emilio Colombo, the Italian Foreign Minister, for a more formal friendship pact between the U.S. and Western Europe.

While acknowledging that strains exist in the alliance, West German officials said Herr Genscher would repeat during his two-day Washington visit that Bonn has no intention of going back on its decision to participate in the 5,000 km Siberia-Western Europe natural gas pipeline that has so angered Washington.

The deal was now done and nothing could change it, and Washington was now beginning to understand this, the officials said. The same point will be made to Mr James Buckley, the U.S. Under-Secretary of State for security assistance, science and technology, who is due to visit Western Europe soon.

Herr Genscher did not discuss with Mr Haig recent suggestions in Congress that a move might be made to withdraw some U.S. troops from Western Europe, largely in retaliation for the pipeline deal.

Chemical attacks 'in Afghanistan'

WASHINGTON—Mr Walter Stoessel, U.S. Deputy Secretary of State, said yesterday that more than 3,000 people have been killed by Soviet chemical weapons attacks in Afghanistan.

Mr Stoessel also told a Senate Foreign Relations Sub-committee that Soviet troops had "engaged in wanton looting and killing" in Kandahar, the second largest Afghan city, and that there were reports of torture by Soviet and Afghan troops.

"As a result of chemical attacks, 3,042 deaths attributed to 47 separate incidents between the summer of 1979 and the summer of 1981 have been reported," he said.

Analysis of all the information available had led them to conclude that substances used included irritants, incapacitants, nerve agents, phosgene and perhaps mycotoxins and mustard.

Afghan military defectors had provided information on Soviet use of chemical weapons containing deadly nerve agents, including where they were stockpiled, and when and where they had been used, he added.

Mr Stoessel did not provide further details in his statement, but his allegations were the toughest the Reagan Administration has made on the use of chemical warfare against anti-Communist Afhan insurgents.

Mr Stoessel also told the committee that the department believes the Soviet union had about 100,000 men in Afghanistan. The previous estimate had been around 90,000.

The boost in forces reflected the "increased difficulty that the Soviets are having," he added. The Soviet Union militarily intervened in Afghanistan in December 1979. Agencies

Mexican unions seek wage rise

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S trade union movement started talks yesterday with the Government and the private sector over increasing wages to take account of the inflationary impact of the peso's depreciation since it was floated on January 17.

The inflation rate in Mexico before the peso was floated was estimated at about 30 per cent this year, but could be as high as 50 per cent, according to Sr Jesus Silva Herzog, Deputy Finance Minister.

The peso has slipped 40 per cent against the U.S. dollar since the Mexican central bank allowed the currency to float, and was yesterday trading at between 45 and 46 to the dollar.

Sr Silva Herzog said the Government hopes to persuade unions to take a pay rise lower than the extra increase in inflation.

The unions, most of who are closely allied to the ruling Institutional Revolutionary Party, have not stated the amount they are seeking. But they want to break by a substantial amount the 35 per cent ceiling fixed before the devaluation.

Yesterday's talks coincided with the announcement by the Bank of Mexico that the rate of inflation actually dropped a little last month. The national consumer index rose by 3.9 per cent, compared with 5 per cent in January. But the figure was largely bsed on pre-devaluation prices.

The central bank also lowered interest rates on short-term peso deposits this week by 2 per cent, the sharpest decrease since the Bank of Mexico started its policy of fixing the rates weekly in 1979.

Many private companies have high dollar debts and have been calling for lower peso interest rates to help them overcome their problems.

Guatemala military candidate leads poll

GUATEMALA CITY — Gen Anibal Guevara, the Guatemalan Government's military candidate, yesterday emerged ahead of three civilian candidates as counting continued in Guatemala's presidential elections, which have been boycotted by the Left.

Gen Guevara, a former Defence Minister, had about 43 per cent of the votes counted, according to information released by the Government agency in charge of elections communications.

Sr Mario Sandoval Alarcon, the candidate of the extreme right-wing National Liberation Movement, was running second, with two-thirds as many votes. Running third was Sr Alejandro Maldonado Aguirre, backed by a coalition of the Christian Democratic Party and the National Renovator Party. Last was Sr Gustavo Anzueto Vielman of the Authentic National Centre.

Sr Alarcon called a Press conference to complain that results announced differed from what his party's observers counted at the polling places and demanded a recount.

Sr Maldonado Aguirre, considered the most moderate of the four right-of-centre candidates, also called a press conference at his home, and accused the government of "retention" of results.

No figure has been issued on how many Guatemalans voted. The latest returns represented counting from only 35 of the 562 polling places in the capital and less than a third of the 327 municipalities nation-wide. Agencies

Anatole Kaletsky in Washington adds: The U.S. Government has repeatedly stated that an "honest and clean" election in Guatemala is likely to be a prerequisite for the resumption of large-scale military and economic aid.

Only a token amount of military aid to Guatemala is at present pencilled into the Reagan Administraton's 1983 budget request, but Mr Alexander Haig, the U.S. secretary of State, has strongly suggested that much bigger support could be made available to a government with more democratic legitimacy than that of President Romeo Lucas Garcia.

David Tonge previews the resumed Law of the Sea conference

Tough U.S. line on sea-bed mining

THE U.S. yesterday returned to the Law of the Sea conference in New York with a list of demands opposed by almost all 150 countries involved.

The conference is preparing a treaty on the world's oceans and, after a year's review, the Reagan Administration has finalised details of the changes it wants in the 180-page draft text which has taken eight years to negotiate.

The changes concentrate on the régime which will govern the mining of billions of dollars' worth of potato-shaped nodules of manganese, nickel, cobalt and copper lying on the deep-sea bed.

But developing countries have warned that, if necessary, they will sign a treaty at the resumed United Nations Law of the Sea conference in New York without U.S. participation.

The U.S. position reflects the concerns of companies such as U.S. Steel, Lockheed and Kennecott, which have invested much of the $200m (£109m) so far spent on deep sea mining.

In the past two weeks, Britain has emerged as a bridge between the U.S. and the Third World. British companies such as Consolidated Gold Fields and Rio Tinto Zinc share U.S. concerns.

"If the treaty came in without any changes, it would be a serious deterrent," Mr Gavin Moncrieff of CGF said yesterday. But they are less disturbed than the U.S.

The British Government insists on the importance of the treaty for the movement of warships or oil tankers, for defining countries' rights off their shores and for "preventing the Law of the Sea becoming the Law of the Jungle," as one diplomat says.

Mr Douglas Hurd, Minister of State at the Foreign Office, said yesterday that Britain had been trying to ensure that proper negotiations took place on U.S. concerns.

However, Britain has also been under considerable pressure in the past few days from Washington — and a few British companies — to sign an interim treaty with the U.S., West Germany and perhaps France.

This interim treaty would harmonise the national legislation passed by the four main mining countries and allow their companies to share out the sea-bed until any Law of the Sea Treaty came into force.

The interim treaty is strongly opposed by developing countries. The Foreign Office has been insisting that signing it now would limit Britain's ability to help the U.S. put across its concerns in the UN conference.

The U.S. is determined to ensure that its companies will be guaranteed access to the deep-sea bed and not have unfair competition from the supra-national enterprise envisaged in the draft treaty which will also mine the sea bed.

It is insisting on a "fair and adequate" decision-making role in the bodies controlling deep sea mining. It also wants to ensure that the treaty cannot be amended without its consent; at present the UN conference works by consensus.

Setting out U.S. concerns in London last week, Mr James Malone, U.S. Ambassador to the conference, left open the possibility that the U.S. might accept satisfaction of less than all of its demands.

Sr Alvaro De Soto of Peru, chairman of the group of 77 developing countries, said yesterday that, regardless of the U.S. position, the Law of the Sea conference must finish next month, unless its mandate from the UN General Assembly is revised.

Andrew Whitley in Brasilia studies the effect of an economic anomaly

Brazil's banks profit from recession

LAST WEEK'S announcement that Brazilian interest rates were unlikely to fall this year came as welcome news to the country's bankers. They have grown fat in a period of high interest rates at a time when recession has forced the industrial sector into a state of financial crisis.

The disparity between the performance of the banks and the manufacturing sector—bank profits tripled in 1981 while gross domestic product fell sharply—has embarrassed the Government, which to a large extent determines interest rates. It has also produced a bitter dispute between Sr Antonio Delfin Neto, Brazil's economic overlord, and his own think-tank, the Getulio Vargas Foundation.

A comprehensive survey conducted by the authoritative business newspaper Gazeta Mercantil revealed that net profits in the banking sector grew last year at a nominal rate of 242 per cent, equivalent in real terms to nearly 114 per cent when inflation is discounted.

Privately-owned banks performed spectacularly. Average profits rose by 427 per cent compared with the results declared at the end of 1980.

The federal and state-owned banks, with about half the total deposits of the big league of 40 banks, did less well in profit terms because of the much greater demands on them to lend at subsidised interest rates to government-favoured sectors, such as agriculture and housing. Their profits only rose by 161 per cent before the inflation adjustment.

Whichever way the banks turned last year they made money. If they were lending to private industry from their cruzeiro resources, they benefited from the wide "spread" between the domestic money market's buying and selling rate; if they were purchasing government securities, they benefited from the vast increase in the public deficit; if they were borrowing money abroad to lend at home they coined it, with fees and interest charges to the customer, measured in dollars, averaging 30 per cent.

There were also a number of windfalls, such as the central bank's decision to reduce substantially the reserve requirement for bad debts.

Eliminating the once-off benefits, and bearing in mind the central bank's declaration that it will be concentrating on fiscal measures this year rather than money market operations, this year's balance sheets will not be quite so inviting. But they will still be encouraging.

Sr Pedro Conde, president of the Brazilian Federation of Bank Associations, told the Gazeta Mercantil that while the first half's results should be "reasonable enough" given that last year's basic conditions have not changed, those for the second half would not be so good.

After declining gently late last year, Brazilian domestic interest rates are moving up again. The present market rate is between 118 per cent for prime customers and 140 per cent for others. Taxes of 15 per cent are added—this against an inflation rate which fell in February to a 12-month rate of 92 per cent.

The Government admits that it is policy to keep interest rates high, to maintain the attractiveness of foreign borrowing and encourage domestic savings. To the pleas of private industry that interest rates are leading Brazil to an Argentinian-style financial disaster, Sr Delfim coolly replies that idle capacity alone should be sufficient to generate a 5 per cent growth in gross domestic product in 1982.

As the Brazilian economy picks up again from last year's slump, credit demand will undoubtedly increase, putting further pressure on the harsh loans ceiling imposed by the central bank. This remains at last year's level of 50 per cent growth, with exceptions for priority areas.

The extent to which some banks were able to slip out of the corset was highlighted by

Prof Delfim Neto

Banco Itau's experience last year. Brazil's number four bank, with total deposits of over $1.4bn, raised its loans portfolio by 113 per cent. Banco Safra, a fast-climbing newcomer, expanded its lending by 130 per cent.

The big, nationally-owned banks, lending at 125 per cent off a large, free deposit base "made a bomb" in the opinion of one European banker. Undoubtedly, banks like Bradesco, Itau, Nacional and Unibanco, with their huge network of provincial branches, were well placed to benefit from the increase in savings which followed the freeing of interest rates at the end of 1980.

For a nation undergoing inflation in triple figures for many months, the level of savings was, in the opinion of bankers, "extraordinarily high." Total deposits in the bankings system were up 91 per cent last year, while term deposits, which make up 17 per cent of the total, rose by 34 per cent.

Restricted credit growth and free interest rates, in combination, must have made a big contribution to profits. But the Government iced the cake for the banks yb making them the main channel for the attraction of foreign exchange into Brazil.

A prime instrument for this policy was the requirement that 70 per cent of all cruzeiro lending be directed towards private, Brazilian-owned companies. Short of credit, the multinationals and state-owned companies were forced to borrow abroad.

Brazil, met its gross borrowing requirement comfortably, and the banks, Brazilian and foreign, profited handsomely at every stage of the operation.

The Bank of London and South America, a Lloyds Bank subsidiary, did extremely well. But by contrast, Citibank and Banco Lar Brasileiro, the Chase associate, performed relatively poorly. In fact, the Brazilian balance sheets of the dozen or so foreign owned banks conceal the fact that most profits on dollar lending to Brazil accured back in New York, London and Tokyo. Access to funds was important in giving their local branches an edge over a Brazilian bank borrowing abroad from a third party, but fees and commissions are the same for everyone.

Brazil is now said to be the number one profit area, worldwide, for both Citibank and Chase Manhattan, with the former's "exposure" here unofficially put at $4bn.

The Gazeta Mercantil analysis of 1981 balance sheets showed how the foreign-owned banks based in Brazil were among the most profitable, but grew at a slower rate than their local rivals in terms of deposits.

Foreign banks have simply had to try harder and be more efficient.

Perhaps most remarkable of all about the extraordinary profits Brazilian banks are currently reaping is the absence of any protest or outcry, whether from the government, the press or suffering industrialists.

"How can the National Confederation of Industry criticise the banks," said Sr Albano Franco, its president, "when we consider ourselves to be a champion of profits."

WORLD TRADE NEWS

Kreisky irate over lay-offs by foreign investors

BY PAUL LENDVAI IN VIENNA

CHANCELLOR Bruno Kreisky, the leader of the ruling Austrian Socialist Party, has fuelled growing concern about the implications of foreign investments.

He gave notice to the chairman of the board of BMW, the West German motor group and Siemens, the electrical giant, that neither the federal state nor the local authorities would provide large and extremely advantageous investment subsidies if the subsidiary plants of the companies in Austria dismiss domestic labour on a big scale.

The intervention of Dr Kreisky was provoked by the break-up of a much-publicised diesel engine joint venture between BMW and Steyr-Daimler-Puch of Austria. The Government is clearly worried that the policy of major concessions to foreign investors may backfire.

According to a statistical survey compiled by the National Bank, enterprises under foreign control sacked between 1975 and 1979 3,000 Austrian workers. Total employment by 1,700 foreign-controlled companies was 267,000.

According to the survey, 29 per cent of Austrian industry and 6 per cent of the rest of the economy is controlled by foreign investors. West Germans account for 34 per cent of the foreign capital invested in Austria, followed by Switzerland and Liechtenstein (32 per cent) and the U.S. (11 per cent).

Dr Kreisky's Socialist Government has been proud of attracting a number of major foreign investors.

The BMW-Steyr venture involved the construction of a large diesel engine plant near the city of Steyr in upper Austria with an annual capacity of 200,000 engines.

A few days ago, the two sides agreed that BMW takes over the 50 per cent of the Sch 800m (£26.6m) equity. The £200m project was to be assisted by large federal and local investment grants, totalling the equivalent of £30m.

Chancellor Kreisky was furious that he had not been properly informed about the changes in ownership and that the West German partner had not been willing to commit itself in a binding form in the joint production of a diesel engine motor.

U.S., Japan to hold talks on trans-Pacific air rights

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN and the U.S. will make a final attempt to resolve their differences over trans-Pacific air traffic rights at a week-long conference which starts tomorrow near San Francisco.

The object of the conference will be to put together a package agreement covering such matters as the designation of a fifth U.S. airline to fly the Pacific, together with improved and expanded rights for Japan Air Lines.

The U.S. has also demanded that Japan should give its consent to a more flexible pricing system. But Japan appears to have strong reservations on this point.

If the conference succeeds the result will be to end almost a year of deadlock which culminated last December in the announcement of "provisional" sanctions by each government against the other's airlines.

Failure of the talks, on the other hand, might mean that the U.S. and Japan will cease to be on speaking terms where aviation is concerned.

The U.S. has emphasised that it sees a link between the air talks—which are basically about the right of each nation's airline to earn money in the other's market—and the more highly publicised frictions over bilateral trade.

Japan-U.S. aviation relations became tense in the middle of 1981 when Japan failed to approve the designation of United Airlines to fly the Pacific and instead began to air its own dissatisfaction with what is claimed to be a serious "imbalance of opportunity" in the existing Japan-U.S. air services agreement.

Points in the agreement which are causing particular annoyance to the Japanese include the "reservation" of several U.S. destinations, including Seattle and Chicago, for service by U.S. airlines only.

Japan Air Lines also claims that it is severely restricted in the area of "fifth freedom"—rights to fly beyond the US. to other countries—whereas U.S. airlines are free to serve other Far Eastern destinations beyond Japan.

Japan Air Lines calculates that, because of the imbalance, its earnings from routes covered by the existing agreement totalled around $900m (£473m) in 1980 whereas U.S. airlines collectively earned $1.5bn.

Figures compiled by the U.S. Department of Transport present a strongly contrasting picture. They credit Japan Air Lines with an earnings advantage of about $50m over the four U.S. airlines covering the region.

Tokyo seeks review of export insurance

By Our World Trade Staff

THE JAPANESE Ministry of Trade and Industry is asking its advisory body, the Export Insurance Council, to review the export insurance system.

The review is necessary, Miti said yesterday, because of the increasing risks of non-payment by some recipients of Japanese exports and investments.

Miti's disclosure of further evidence of the financial strain which has afflicted the major export insurance agencies following the economic difficulties of countries like Iran, Sudan, Zaire and now Poland.

The trend became evident in 1980 when half the members of the Berne Union, which brings together export credit insurers, declared deficits.

Japan's payments to exporters because of events in Poland are estimated at between Y15-20bn (up to £46.5m). Last year, by comparison, the Export Credits Guarantee Department in the UK paid out £60m.

Export insurance payments rose sharply in Japan last year, and according to Miti, appear to have exceeded receipts. Premiums for Japanese exporters have remained unchanged for seven years.

But Miti denied a Japanese Press report that it plans to double the present level of insurance premiums and create a new system of rates which vary according to particular market risks.

The present premium rates run from 0.55 to 1.0 per cent of the value of the goods being exported. The ECGD's rate for exports sold on short-term credit runs between 0.4 and 0.5 per cent.

Industrialists, quoted by news agencies, said that one factor behind the review of current premium rates is the growing expectation that heavy payments will have to be made to compensate Japanese companies hurt by the failure to complete the Bandar Khomeini petrochemical complex in Iran.

Italians angry over Yacyreta criticisms

By Jimmy Burns in Buenos Aires

THE LATEST salvo in the acrimonious battle over Argentina's multibillion Yacyreta hydroelectricity project on the Parana river has been fired by Impreglio of Italy.

Sr Adolfo Mochkofsky, Impreglio's acting general manager in Argentina, rejected criticisms of unfair trading practice.

Both Impreglio and Dumez, of France, at the head of local consortiums, have been bidding for the major civil works contract for Yacyreta. Last November, after a year of protracted negotiations, the joint Argentine-Paraguayan management board responsible for the project recommended that the civil works contract should go to the Italians.

However, a final decision expected in February has been delayed apparently because of disagreements over costs involving local officials and the project's two major creditors, the World Bank and the Inter-American Development Bank (IDB).

Impreglio confirmed that its bid had been $1.7bn, and that this had been $266m more than the rival bid made by Dumez. However, Sr Mochkofsky denied allegations of seeking to influence local politics.

Since 1969, Impreglio has won four major contracts for hydroelectric projects in Argentina — El Chocon, Planicie Banderita, Salta Grande, and Alicura.

Dumez has so far failed to establish a foothold in Argentina and has accused Impreglio of exercising a de facto monopoly within the hydroelectricity sector.

But Impreglio has denied that Dumez was placed in a disadvantageous position when it came to explaining its bid to Yacyreta's joint management board.

According to Sr Mochkofsky, the decision to award the final contract was based on the view that the French bid had qualifications which were unacceptable to the board.

These included a demand that the cost-adjusting mechanisms contained in the contract should not be binding, and that the time schedule for the completion of the project should be modified.

Impreglio's comments came amid reports that the World Bank had disagreed with the IDB by raising objections to the Italian bid.

Yacyreta is already running several years behind schedule and the overall costs have risen to an estimated $10bn from the original $4.5bn.

The view of both the World Bank and the IDB, as yet undisclosed publicly, is crucial since the banks' prospected direct financing of nearly $450m implies additional large sums in co-financing.

Used machine tools find ready market

BY LORNE BARLING

THE FLOOD of second-hand machine tools resulting from the recession in Britain has provided a rich source of exports for Hulberts, a family-owned West Midlands company, which specialises in reconditioning machinery before selling it abroad.

Suggestions that these exports are somehow undermining UK industry are denied strongly by Mr Graham Knowles, managing director, who points out that much of the equipment is outdated but suitable for developing countries where labour costs are low.

However, many buyers insist on thorough reconditioning before shipment, since component failures are costly in countries where spare parts may not be available and engineering skills are limited.

Hulberts, a leading buyer at the recent sale of Talbot's major car plant at Linwood, estimates that 30 per cent of its profits are generated by these exports, compared with 15 per cent 18 months ago. But the market is highly competitive and the number of dealers has increased.

Mr Knowles believes that his company, which is involved in steel stockholding and a range of industrial services such as machine installation and transport, has an advantage over dealers since it can offer guarantees to overseas buyers.

Many of its machine tools are exported on delayed-payment terms, with part of the sum involved being held for a period by the buyer to ensure reliability of the goods.

The company's acquisition of 12 large power presses and other items from Linwood, at a cost of around £400,000, is paying off rapidly. Four of the presses have been shipped to a Japanese motor manufacturer in South Africa, while the rest are in stock awaiting shipment.

The company has around 100,000 sq ft of storage space at premises in the Dudley enterprise zone, the newly established West Midlands area where rates are waived for a 10-year period. This enables it to hold a range of equipment in stock at lower overhead costs than elsewhere.

A major export market has been the U.S. particularly the east coast, since it is often cheaper for companies to buy second-hand machine tools shipped from the UK than to transport them by road from elsewhere in the U.S.

However, the U.S. recession has slowed demand recently and Hulberts has been looking at other markets more seriously, particularly in the Middle and Far East, where it has made a number of sales

"Dated machine tools often find a ready market abroad, since they are easy to operate, unlike modern multi-operation machines, and prices are comparatively low despite transport costs," Mr Knowles said.

He believes there is enormous potential demand in countries such as India, where industrial development is demanding new equipment, but this is being limited by foreign currency shortages. Similar prospects in Nigeria, other African countries and South America are limited by import controls.

In the Far East, Singapore is regarded as a prime market, while the growing manufacturing base of the region as a whole is creating demand for good quality machine tools.

Within Europe, there is an increasing trade in more modern equipment, particularly in the sale of recognised machine tools back to their market of origin, especially West Germany. Scandinavian countries have recently been good buyers of a wide range of equipment.

Hulberts, which has a total turnover of around £10m, has recently abandoned a policy of setting up a number of warehouses abroad for machine storage, having decided to close one on the U.S. east coast.

Mr Knowles said it was felt that this was too costly and that a good service could be provided by dealing direct with U.S. customers and dealers, who took an increasing proportion of the company's sales.

One of the problems now affecting the UK market, he suggests, is the growing inter-company trade in machine tools, keeping them off the open market.

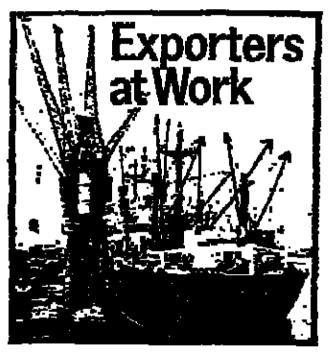
"If a plant is shut down, the contents will often be offered to a nearby company which will be happy to pay a low price for a few machines which fit into its production lines," one dealer said.

Hulberts, which also specialises in giving a full appraisal of machine values to companies disposing of them, also stands to benefit in these circumstances if it wins the reconditioning work involved.

Mr Knowles warned, however, that overseas buyers should beware of buying any second-hand equipment.

He gave the example of a South African company which bought a second-hand conveyor system in the UK which cost more, when shipped and installed, than a completely new one. In these circumstances, he suggests, the advice of an experienced supplier is valuable.

The major source of second-hand machinery in Britain has been the motor industry, which has undergone major rationalisation in the past two years, but the increased pressure on industry to become more productive will ensure a continued flow of second-hand machinery, dealers believe.



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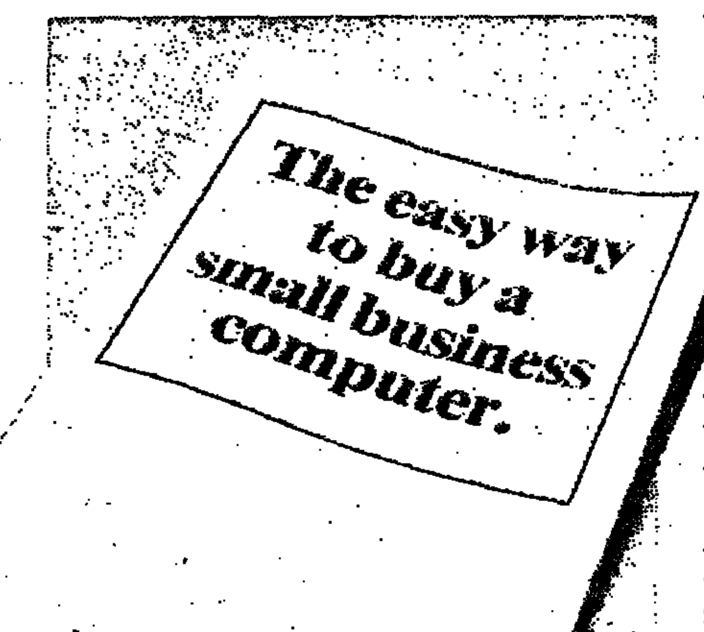


Why a quick return to exchange controls would mean chaos

THE POUND is sinking fast on the foreign exchanges.

At an emergency Cabinet meeting, the Governor of the Bank of England is summoned to receive his instructions.

Half-an-hour after the decision is taken, a battery of Bank switchboard operators go to work on a prearranged plan.

They comb their way through a carefully compiled list of telephone numbers. The next morning, Operation E is complete.

The teams of officials who until October 1979 used to man the exchange-control department at the Bank are back at their desks, ready to put the new regulations into practice.

That, at least, is how some fevered imaginations in the City see the steps the Government—either this one or the next—might have to take if it decided to bring back exchange controls.

In practice, things wouldn't be so simple. For one thing, the Bank has destroyed all its relevant files on companies' currency operations.

Mr John Moolenaar, a former senior official in the Bank's exchange-control department, says: "If the Government wanted to bring back controls overnight, there would be absolute chaos."

Mr Moolenaar, who left the Bank two years ago to work on the cash management side at Imperial Chemical Industries, says that controls might be brought back either by a Labour or Social Democratic government, and even by the present one if a pre-election scare emerged on the foreign exchanges.

"But no-one has considered what's involved or how difficult it would be to do it—and whether it would have any effect."

David Marsh looks at the possible effects of one Budget option

Mr Moolenaar keeps in touch regularly with his ex-colleagues. Of the formerly 700-strong exchange-control department, about 400 gather every six months for a reunion.

They would not want to return, he says. "The whole thing is so horrendous that the old exchange controllers just wouldn't play ball."

The Bank, he says, had pressed the Government for two years to abandon exchange controls before the Conservatives took the decision. Administering the controls "was never regarded as a function of the Bank of England. The Bank didn't like it."

The Bank, he says, might ask the Treasury to run the controls if they were ever reintroduced. But Mr Moolenaar, who ran the Bank's foreign exchange control school for several years, says it takes a year to train an exchange-control official properly.

Because the Bank has destroyed all the files on companies and their currency operations any would-be controllers would have to "start again from scratch."

In the two years before controls ended a main argument for maintaining them came from the Department of Trade.

It was worried about the loss of statistical information that would ensue.

He is in a unique position to see the foreign exchange business from both sides of the fence. After controls ended he heard that ICI, one of Britain's biggest commercial operators in the currency and money markets, needed help in the accounts department.

Livingstone plea for LT aid rejected

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT rejected a request from the Greater London Council yesterday for help to avoid the doubling of London Transport fares on March 21.

An all-out strike on London Transport buses and tubes in protest at the higher fares now seems certain to go ahead tomorrow. It will be the first total stoppage on LT since the 1926 general strike.

Mr Ken Livingstone, GLC leader, asked the Government for help and a change in the law governing subsidies for London Transport at a half-hour meeting with Mr David Howell, the Transport Secretary.

The meeting was called to discuss the future of LT in the light of the Law Lord's ruling in December that the GLC's cheap fares policy, subsidised through a supplementary rate, was illegal.

The talks ended without any agreement and with bitter words and personal attacks from both sides.

After the meeting, Mr Howell urged LT workers to cancel their strike. He attacked Mr Livingstone and Mr Dave Wetzel, *the GLC transport committee chairman,* for playing "ducks and drakes with the public transport system." He accused them of devoting "more time to their advertising campaign, encouragement of a strike and other illegal action than to working out a strategy for LT."

Mr Livingstone said the talks had not taken the dispute any further forward. "I cannot see anything which has been said today which will persuade the trade unions not to strike on Wednesday."

He believed Mr Howell was "very worried" about the problems facing LT. "He has an impossible task trying to please the Prime Minister and the people of London at the same time," Mr Livingstone said.

Mr Howell told the GLC leader the strike was "totally pointless and damaging." He urged the GLC to find out how Londoners could get better bus and Tube services for the present amount of money available to LT and a greater choice in the services.

The failure of Mr Howell and Mr Livingstone to reach agreement came despite a detailed and unusual policy statement from the main board of the LT executive on Friday.

The board said there was "now a primary need for Parliament to enact legislation to clarify London Transport's position." This is the first time the board has said publicly the law needs to be changed if it is to operate effectively.

It said there was a "serious lack of clarity" on two main issues:

● The extent to which LT has an obligation to meet the needs of London for efficient, effective and economic public passenger transport services.

● The extent to which that obligation should require LT to break even, as far as practicable, in each accounting period.

The LT executive, chaired by Sir Peter Masefield, said new legislation must make possible "strategic planning on a sound basis, the preparation of a realistic budget for 1983 and the aproval of capital investments to maintain and improve the tube and bus system."

Arguments for nuclear stations outlined

By David Fishlock, Science Editor

NUCLEAR power stations were the most economic way of generating electricity, provided they were built within the expected time and cost, a senior British government official told Japan's nuclear industry yesterday.

The three new nuclear stations Britain expected to commission this year would each save about £100m a year compared with coal-fired stations, Mr Ivor Manley, deputy secretary responsible for electricity at the Department of Energy, told the annual conference of the Japan Atomic Indsutrial Forum.

Britain intended to order nuclear stations only when they could be justified economically. But Mr Manley suggested that this could include orders designed to strengthen the capability of the nuclear industry to build plant without costly delay.

Although Britain was exploring wavepower, windpower and solar energy and strongly encouraging conservation, "it is evident that a crucial element in our future energy mix must be nuclear power," he said.

The average cost of producing nuclear electricity in Britain last year was 1.65p per kilowatt-hour, compared with 1.85p for coal and 2.62p for oil.

Mr Manley claimed that anti-nuclear opinion had not been a severe constraint in the UK. He described the forthcoming public inquiry at Sizewell as an example of how Britain demonstrated that there were "reasonable answers to reasonable fears."

*Dr Hans Blix, director-*general of the International Atomic Energy Agency, told the conference that by 1985 nuclear energy would account for 17 per cent of world electricity capacity.

France would be obtaining 60 per cent of its electricity from nuclear energy, Sweden and Belgium 50 per cent, West Germany 20 per cent, the U.S. 17 per cent and Japan 15 per cent.

Dr Blix said the Soviet *Union* and East European countries "remain committed to the rapid expansion of nuclear power, which seems limited only by constraints on manufacturing capacity."

But local opposition frequently frustrated the "generally positive policies" of central government in West Germany, Spain, Switzerland "and even in the UK," he said. "He forecast modest growth, "weakest in Switzerland, strongest in Spain."

He believed that eventually the facts about the nuclear industry and its record—"which is very good"—would shape both popular and political perceptions of it. He was not in favour of using propaganda to manipulate opinion.

Licensed dealing proposals welcomed

BY JOHN MOORE, CITY CORRESPONDENT

TOUGH Department of Trade proposals governing licensed dealers and investment managers have been welcomed by the body representing them.

The body, the National Association of Security Dealers and Investment Managers, in its submission to the department on the proposed rules, sounds notes of caution and reservation.

The association feels the rules are too widely drawn. The department, spurred by recent problems, may have overlooked "the fact that their proposals will affect the other activities of many licensed dealers."

The association feels investment management has been *overemphasised.*

Many association members deal in securities not investment management and, therefore, find their businesses affected by the department's approach to the review.

The association feels existing legislation offers the department more room for initiative in controlling any abuse. It regrets "that the department has not been prepared to test further the powers already available to it."

The general proposals for closer supervision of investment management — including the separation of accounts — are accepted.

The association agrees with the need for a clear investment management — including the separation of accounts — are accepted.

The association agrees with the need for a clear investment management agreement between an investment manager and his client.

It also supports the need to protect the rights of clients to terminate agreements and the requirements proposed by the department for managers to provide some form of insurance, unless they are protecting their clients in other ways.

The association agrees with the department's plans to act more commercially with regard to the information required in connection with the issue of licences to deal in securities.

The association feels the character of initial applicants for licences from the department has been considered insufficiently. It welcomes the idea that future licence renewals will only occur once qfirms provide information on the operation of their companies in the period before renewal.

Rules are being formulated for licensed dealers after public concern over a spate of bankruptcies in the sector, most notably that of the Norton Warburg group.

The department's proposals have been circulated in the City for consultation before the regulations are finally framed.

Wool textile industry tells Government its needs

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE WOOL textile industry yesterday put a six-point plan to the Government to restore its competitiveness and maintain its position as an exporter.

The industry faced a crisis of confidence due to factors outside its control, Mr Alan Clough, president of the Confederation of British Wool Textiles, told Mr Kenneth Baker, Minister of State, Industry Department.

The *confederation's* deputation sought to impress on the minister the disadvantages suffered by the UK industry compared with the industry in France, West Germany and Italy. These were highlighted in the six-volume Werner report, commissioned by the department and published at the end of last year.

The report said the industry's competitiveness was substantially dependent on factors beyond its control, such as oil prices and interest rate levels.

It also drew attention to a lack of unity in European Economic Community policy and the way in which other European governments assisted their own industries.

Since the Werner report was presented to the Government, according to the confederation, that help has been extended in many cases.

The confederation asked the Government to formulate urgently a strategy to stop further reduction of capacity. It also asked that conditions be created in which the UK industry could trade equally with those countries receiving state aid.

The minister was told of the need to introduce an assistance scheme similar to that in France; to cut interest rates; to give more support to product development, and for improved access to overseas markets, especially those which were large suppliers to the UK.

According to the confederation, the Werner report showed the UK industry was operating in an economic and industrial environment much less favourable than that enjoyed by many of those in Europe.

● Mr Norman Sussman, British Clothing Industry Association chairman, warned the Government not to oversell the extension of the Multi-Fibre Arrangement negotiated in Geneva just before Christmas. "An MFA which is tougher without being tough enough will be *ineffectual,*" he said.

Construction volume lowest since 1961

BY ANDREW TAYLOR

VOLUME of construction output in Britain last year fell to its lowest level since 1961. Department of Environment figures show that output fell by 12.3 per cent.

Total output at constant prices was valued at £9.58bn (£21.2bn current prices).

The 1981 decline follows a 5.1 per cent reduction in 1980. Annual construction output has fallen by almost a fifth since 1978 and a further fall is expected this year.

The National Federation of Building Trades Employers appealed tothe Chancellor to include measures to assist conconstructoin activity in today's Budget.

The federation said htat the industry desperately needed government stimulus if capacity and employment were to be maintained.

The only area of construction activtiy to enjoy any improve ment last year was the commerciad building sector where output rose by 5 per cent. This largely reflects the recent upsurge in office building in Greater London, the federation said.

Elsewhere falls in output have been spread across a wide range of construction activity. New work fell by 13.5 per cent while repair and maintenance activity, previously a growth *sector, declined by 10.5 per cent.*

One of the worst affected sectors was public housing where output fell by almost 37 per cent reflecting government spending cuts. Since 1978 annual output has falle almost 57 per cent.

New private sector housing output fell by 12.3 per cent. Annual output has fallen by almost 36 per cent since 1978.

The impact of Government spending cuts is reflected in figures for public sector works other than for housing where output fell by 9.2 per cent in 1981 and by 26 per cent since 1978.

Contruction industry leaders are not expecting any general improvement in levels of activity during 1982, in spite of recent government figures which showed a 4 per ce_t improvement in construction orders placed last year.

Latest forecasts, produced by the Building and Civil Engineering Economic Development Committees, suggest output is likely to decline by a further 3 per cent this year with a recovery not expected to occur until 1983.

Government reprieves two assault vessels

By Bridget Bloom, Defence Correspondent

THE GOVERNMENT has reversed its decision to phase out the Royal Navy's two amphibious warships as part of the effort to cut naval spending.

The reprieve of HMS Fearless and Intrepid will cost £3m this year and some £7m a year thereafter, according to the Defence Ministry.

The withdrawal of the two assault ships, whoose primary operational role is to take Royal Maries and their equipment to NATO's northern flank was announced in last June's dfence review. Intrepid was to be retired this year. Fearless, which has been refitted, recently would go in 1984, earlier than planned.

Mr John Knott, Defence Secretary, said in a Commons written reply yesterday that following "the detailed reshaping" of the defence programme snice last June, Fearless and Intrepid are to be kept in service.

The decision would enable Britain "to retain our existing capability to conduct flexible amphibious operations overseas."

Ministry officials said there was no connection between this decision and that to sell the aircraft carrier Invincible to Australia.

The sale of Invincible, for a "bargain basement" price of £175m, was announced last month and brought a storm of protest.

The roles of the two classes of ship are different, but Mr Nott will hope to mollify at least some of his critics by yesterday's decision.

Fearless and Intrepid, can carry between 400-700 marines, 17 tanks, seven three-ton and 20 quarter-ton trucks. Each vessel, of 12,120 tons displacement, carries five Wessex troop-carrying helicopters, four large landing craft and four smaller ones. In peacetime, they double as training ships for Dartmouth Naval College.

Loss to Access by fraud rises 76%

BY WILLIAM HALL, BANKING CORRESPONDENT

FIAUD AGAINST Access, the largest credit-card operation, cost the company 76 per cent more in money lost last year than in the previous year, and rose to £3.3m.

The loss is rising three times as fast as turnover. This indicates that credit-card crime has established itself as a major problem facing high street banks.

Access's turnover rose by 32 per cent to £1.85bn in 1981. Fraud rose from 0.14 per cent of turnover to 0.18 per cent. Although the sums are small in total they are hitting profitability. They are the equivalent of more than 4p per average Access transaction, which is £22.93.

Barclaycard, the other big credit-card operator, has estimated it lost about £4m through credit-card crime last year.

Access, owned by most of the major clearing banks with the exception of Barclays, released its 1981 figures yesterday. These underlined the speed with which the credit card is increasing its penetration of the market-place.

The number of Access cardholders increased by 11 per cent, or 691,000, to 5.35m last year Acess estimates there are still another 9m customers of its member-banks who have not obtained credit cards.

The number of women cardholders is growing faster than men. Women now account for 39 per cent of the cardholder base, compared with 27 per cent seven years ago.

The growth in the value of Access transactions was in line with the previous year but the drop in the inflation rate indicated the real volume growth rose.

At the end of last year Access cardholders were borrowing £577m on their credit cards. This was more than 50 per cent higher than in the previous year. It indicates that, notwith*standing the relatively high in*terest rates, people are continuing to increase their borrowings.

Access is processing daily 394,000 sales vouchers and 119,400 payment vouchers. Last year it processed a total of 129.5m items and received 4.46m calls from retailers checking credit-card authorisation. On the Saturday before last Christmas, it received 28,400 calls.

Access's performance statistics underline the speed with which the cashless ociety is being embraced. Credit-card chiefs are worried, however, by the rapid growth in credit-card crime. This presents one of the biggest obstacles to the cashless society.

CP Trim rescue attempt

BY JOHN GRIFFITHS

NORTHERN IRELAND Development Agency officials are expected to consider today proposals for maintaing CP Trim, the Belfast-based De Lorean supplier, as a going concern.

The company went into receivership yesterday at the behest of the agency which put up £49,000 of the £100,000 share capital with which CP Trim was launched in 1980. It also guaranteed £1.25m in loans.

Other shareholders are De Lorean Motor Cars, which put up £32,000, and Chamberlain Phipps, a British-based industrial group which provided the remaining £19,000.

CP Trim is the sole Northern Ireland company set up to supply seating and interior trim to the UK government-backed sports car concern.

If today's rescue attempt fails, Sir Kenneth Cork, De Lorean's receiver, would face difficulties in trying to keep De Lorean in operation.

CP Trim is understood to have been making adequate profits on the turnover—approaching £10m a year—provided by the De Lorean business. It had been trying to diversify into other products to lessen dependence on De Lorean.

This included new plastics technology and luggage-making. Part of the reason for setting up CP Trim was to bring new skills into the province

Personal bank loans rise

BY OUR BANKING CORRESPONDENT

THE BOOM in personal lending by High Street banks is being reflected in a rapid increase in their share of the consumer credit market at the expense of the finance houses and other traditional lenders.

In the fourth quarter of 1981, AGB Index, which monitors financial transactions in the personal sector, estimate that the consumer credit market, excluding home loans, rose by 14 per cent compared with the same period of 1980 to £6.7bn. Bank loans rose by 47 per cent and their share of the market jumped from 24 per cent to 31 per cent.

The increase in the banks' personal loans has been partly offset by a reduction in overdrafts from 4 per cent of the total market to 2 per cent over the period from the final quarter of 1980 to 1981.

The finance houses have also seen a sharp fall in their market share from 16 per cent to 11 per cent. Other forms of indirect lending have dropped from 20 per cent to 11 per cent.

Credit card borrowing has increased from 18 per cent to 21 per cent and mail order houses have also increased from 6 per cent to 10 per cent.

AGB, one of Britain's biggest market research firms, is one of the few companies to regularly monitor the consumer credit market

OBITUARY

Lord Blakenham

LORD BLAKENHAM, who died of a stroke at the weekend aged 71, was a former Conservative Party chairman and Labour Minister.

His life was one of virtually continuous political service. An alderman on the London County Council before the war, he became Conservative MP for Woodbridge, Suffolk, in 1945. During the war, he served in the army.

As Mr John Hugh Hare, he was Minister of State for Colonial Affairs, then Secretary of State for War under the premiership of Sir Anthony Eden.

He became Minister of Agriculture, Fisheries and Food in 1958 then Minister of Labour in 1960, taking over the post from Mr Edward Heath when the latter became Lord Privy Seal.

He held office until 1963, when he was appointed to the chairmanship of the Conservative Party at the request of Lord Home, then Sir Alec Douglas Home. Lord Blakenham retired from politics in 1965 because of ill health.

However, it was during the closing months of his chairmanship that he set in train moves to democratise the Conservatives system of choosing a leader—a system which resulted in the choice of Mr Heath as party leader in succession Sir Alec.

Lord Blakenham's political career displayed considerable administrative, rather than political, talents. His period of office as Minister of Labour is remembered as the apogee of his career.

He was married to the Honourable Beryl Pearson, daughter of the second Viscount Cowdray and sister of the present (third) Viscount, who is chairman of S. Pearson and Son. Lord Blakenham was the brother of the Honourable Alan Hare, chairman of the Financial Times.

In addition to his political career, Lord Blakenham took a close interest in charitable and other works. He was chairman of Toynbee Hall, chairman of the Peabody Trust and treasurer of the Royal Horticultural Society.

Making money from gobbledegook

Mrs Doris Wheatley

Elaine Williams reports on a Cambridge company which simplifies communication

EVERYONE is faced at some time with trying to understand explanatory leaflets on how to fill in tax forms or to operate complicated electronic gadgetry.

Doris Wheatley, former Girton don, sympathises with and profits from the public's increasing difficulty in wrestling with garbled information presented by government and industry. So much so that she runs her own business in Cambridge, specialising in simplifying complicated issues.

Her company is Cambridge Communication. Among other things it composes instruction leaflets for complicated machinery, training manuals for the engineering industry, brochures to explain the arguments for and against company pension schemes and on the workings of the European Economic Community, instructions on selling sophisticated drugs to the medical profession, and pamphlets on the dangers of imbibing too much alcohol.

Cambridge Communication's several client organisations include Sony, English China Clays and the European Commission.

The work of companies like that of Mrs Wheatley would no doubt be lauded by the National Consumers' Council and by the Plain English Campaign, which this year started a movement to introduce simple language to official forms, guides, letters and insurance policies.

One NCC researcher estimates that at least £1m a year could be saved for the taxpayer if there was merely a 1 per cent improvement in form-filling efficiency.

While public money is wasted producing gobbledegook — the NCC's description for garbled English — Mrs Wheatley says industry is producing its share of confusing technical jargon.

Manufacturers provide a mass of technical jargon which confuses the user Mrs Wheatley says. "But you don't want to know what happens inside a television set every time you switch channels."

A recent Cambridge Communication task was producing a booklet for Sony, to explain the operation of a video-cassette recorder. The company had to translate a Japanese-English handbook into something comprehensible even to a child.

A video-cassette recorder is a complex electronic gadget. Many early users found they could not understand the operating instruction sufficiently to record successfully.

Mrs Wheatley sees a large market. She also sees a range of opportunities in providing better communications between employers and workforces.

She believes economic stringency is forcing companies to become better communicators.

Cambridge Communication is particularly proud of the 1980 annual report it produced for English China Clays. This explained to the workforce the effect of inflation on the group's performance. It showed that in spite of increased profits the group's financial position had actually deteriorated because of inflationary forces.

Mrs Wheatley believes, however, that the list of applications for turning masses of complicated information into simple statements are legion and that advances in technology are compounding the problem.

'Real hopes' of lower mortgage interest rate

BY WILLIAM COCHRANE

THERE ARE real hopes that the mortgage interest rate will be much lower by the end of the year, Mr Alan Cumming, chairman of the Building Societies Association, said yesterday.

An association meeting on Friday is expected to recommend a fall in the mortgage rate from its record 15 per cent to 13½ per cent.

Mr Cumming said, "It is encouraging that interest rates are on the way down. Hopefully, this year, we will be able to get our rates down and keep them down."

Mr Cumming, at London's Ideal Home Exhibition, said the 15 per cent mortgage rate had lasted too long.

"We hope that we are going to see a resurgence in confidence later on this year that will prompt people to feel their budgets are able to stretch and take bigger homes," he said.

● The Halifax Building Society said at the exhibition that it was launching a low-start mortgage scheme. It will enable young people, who expect their income to rise, to borrow more than normal against their current income. Substantially reduced monthly payments during the first three years of the mortgage and free life cover for the main wage earner during the three years.

Food companies face stiff foreign competition

BY GARETH GRIFFITHS

THE FOOD and drink industry has been outstripped in productivity by overseas competitors, according to a National Economic Development Office report published today.

NEDO undertook a series of international comparisons, with particular emphasis on companies in West Germany.

The UK industry performed relatively well against other sectors of the economy but had been caught in a vicious circle of much lower levels of value added per head, lower investment, slower growth rates, and less efficient use of capital.

Not all the shortcomings were its own fault. Low profit margins and a squeeze on costs imposed by the efficient large-scale retail chains have led to food and drink manufacturers often not making what they consider sufficient returns on investment. Poor quality packaging led in some cases to breakages disrupting production lines.

The report was produced by NEDO's food and drink manufacturing economic development committee.

Its prescriptions for improving productivity are long term — more emphasis on training, greater consultation between management and employees, and a more agressive attitude to companies to growth opportunities, particularly exports.

Sir James Cleminson, Reckitt and Colman's chairman and the committee's chairman, said he did not envisage any substantial reduction in the industry's workforce from pursuing the policies outlined.

In the past two years companies have been reducing their workforces, in some cases substantially.

Sir James said the industry had found that faster rates of investment depended to a large extent on increasing efficiency much faster which, in turn, partly depended on much faster rates of investment.

The climate was unfavourable for consumers to buy more expensive food, so boosting value added manufacture. Sales volumes were flat and the opportunities lay in exports.

However, the greatest profit opportunities were in the UK and several companies last year reported problems over their French investments, Sir James said.

Food and drink companies should develop closer relations with UK suppliers of packaging machinery to ensure the latter can meet companies' requirements competitively. Overseas supplies may be uneconomic or less convenient in future.

There should be a fresh look at using capital equipment more extensively, and a check-list made of ways of boosting productivity in administration, maintenance and distribution, the report says.

NEDO has produced a video film to accompany the report.

Improving productivity in the food and drink manufacturing industry, the case for a joint approach. Free from NEDO books, National Economic Development Office, Millbank Tower, Millbank, London, SW1.

Aerospace industry unites to back a new fighter aircraft

The Government cannot ignore this initiative, says Michael Donne

THE AEROSPACE industry is spending several million pounds of its own money on the early stages of design and development of a fighter aircraft for the late 1980s — the British Aerospace P-110.

This will have a multi-role capability for high-altitude air-to-air combat and low-level battlefield support, although it is aimed initially at meeting the RAF's eventual requirement for a replacement for its 200 ageing Jaguar fighters — the RAF's requirement is known as Air Staff Target 403.

It will be a single-seat, twin-engined, supersonic Delta-winged aircraft, using developments of the Rolls-Royce RB-199 engines powering the Tornado multi-role combat aircraft, which it is intended to complement in squadron service. It will have short take-off and landing capability.

The P-110 would be an attractive aircraft for many overseas countries, especially in the Middle East. The areospace industry believes it would generate substantial export sales over a long period.

The industry is united in wanting to see such an aircraft developed. It believes the P-110 will be necessary militarily in the late 1980s and that it will fill a gap in military aircraft procurement in the period when Tornado production will be running down.

It also thinks the P-110 could provide employment for up to 50,000 when in full production. This is one reason the project is supported so widely. Not only British Aerospace and Rolls-Royce are putting in money, so are equipment companies such as Dowty, Ferranti, Smiths Industries and Marconi Avionics, with many others involved or expressing interest.

The total development cost of the P-110 eventually could be as much as £1bn, so sooner or later Government and RAF involvement will be necessary. The companies have been discussing the venture with the RAF and Defence Ministry for some time, but so far there is no government commitment.

The industry has also been having talks on possible collaboration with companies overseas, both in Western Europe and the Middle East and on investment from countries such as Saudi Arabia and Jordan. Both have expressed interest.

Developing a European Combat Aircraft (ECA) was discussed with the West German and French aerospace industries, governments and air forces, but foundered because of differences about performance requirements and time-scale.

Nevertheless, it is believed the accolade of an RAF order, with a UK Government cash commitment, will be the most likely way of getting the aircraft launched. This is why the industry is so anxious to see the talks with Whitehall press ahead.

The P-110 will be much cheaper to develop than the Tornado. This is largely because it will be using much of the equipment developed for that aircraft, including the Rolls-Royce RB-199 engines.

A feature of the P-110 will be the extensive use of new materials. About 40 per cent of the airframe will be made from carbon fibre. Another feature will be electronic controls ("fly-by-wire") instead of the control rods used in civil and military aircraft.

The emphasis in the design will be to get a versatile, rugged and comparatively low-cost fighter, without sacrificing performance. Work is well ahead on the design, which it is hoped can be completed this year.

The engineers are working on costs and possible work-sharing arrangements with potential collaborators, so much of the work normally done in a new project —feasibility studies, project definition and initial design— will be completed before any Government cash is involved.

This could help to shorten the overall development time-scale and the cost to government funds.

What the P-110 really means, however, is that for the first time for many years the aerospace industry has taken the initiative.

Proposing a new combat aircraft to the RAF is not new, but financing its initial design and development at a cost of several million pounds is, especially since the P-110 is an industrywide venture.

It is an initiative neither the RAF nor the Government can ignore. The aerospace industry is just as good—if not better—as Whitehall planners in discerning long-term trends in military aircraft design and development.

The P-110 incorporates the essence of this thinking as well as much of what the RAF wants to see in its next military aircraft. Its specification, contained in AST-403, has been circulated widely throughout the industry.

Any eventual aircraft that emerges may not necessarily look precisely like the P-110, but much of the preliminary work has been done, cutting both the cost and time-scale.

Cash and carrys seek drinks boost

BY GARETH GRIFFITHS

BRITAIN'S cash and carry companies aim to boost their share of the drinks trade after the brewers' tied house system has been reviewed by the European Commission.

The cash and carry sector believes it will be able to compete successfully with brewers supplying pubs with wine, spirits and packaged beers. Most brewers require tenants to sell particular tied products.

Exemption from the European Economic Community's competition laws for the brewers' tied arrangements runs out at the end of this year. The EEC is now reviewing tied houses.

The National Federation of Wholesale Grocers' conference at Stratford-upon-Avon yesterday heard that Britain's 500 cash and carry companies hoped to double the amount of drinks business they control.

Mr Len Jackson, federation director, said cash and carry operators sold drinks more cheaply than brewers, the end of the tie "would give the public greater freedom of choice and lower prices as national distribution costs continued to rise."

Offer to Laker passengers qualified

BY ALAN FRIEDMAN

MR ROLAND "Tiny" Rowland, chief executive of Lonrho, yesterday qualified his offer to pay up to £700,000 to reimburse passengers who lost their money when Laker Airways collapsed last month.

Mr Rowland, who is working with Sir Freddie Laker to plan a new airline, said cheques were not being sent out against all claims, which would amount to several millions of pounds. Instead, the claims would be dealt with on a "pro rata basis after the liquidators have first considered them and paid such dividends as may be available."

Mr Rowland said: "Since I made the offer in a television interview, checking and sorting the claims has taken time; we are date-stamping the individual claims as they arrive."

Many travel agents had written to Mr Rowland asking him to compensate passengers whose bookings they handled. "I can't do that," said Mr Rowland.

He said his £700,000 offer had been a "spontaneous gesture of feeling for Sir Freddie."

Ship's rust-proofing was 'disastrous,' court told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

CLAIMS totalling more than £1.5m were made in the Commercial Court yesterday against the manufacturers of an anti-rust product.

The court was told that when the insides of ballast tanks on a ship were coated with Bituflux, manufactured by Wailes Dove Bitumastic, a member of the Dufay group, the results had been "nothing short of disastrous."

Wailes Dove is being sued by P & O, owners of the 15,000-ton Gandora, built by Swan Hunter Shipbuilders.

Mr Anthony Evans, QC, for P & O, told Mr Justice Parker that in September 1976, five months after the vessel had been delivered, the Bituflux coating broke down and repairs were carried out to some of the tanks by Wailes Dove in July 1977.

In October 1977 there was a further breakdown, as a result of which all the tanks had to be re-coated with a different material. Normally such a coating would be expected to last eight to 10 years.

P & O had sued Swan Hunter, but that dispute had been settled: Swan Hunter had agreed to pay £750,000 and costs.

P & O now claimed about £855,000 from Wailes Dove, against whom Swan Hunter had a claim for the £750,000.

Wailes Dove is contesting the claims, and the case is expected to last four to six weeks.

Mr Evans said that P & O's claim against Wailes Dove was based on alleged breach of warranty and negligence, arising from the claims made for Bituflux in the manufacturer's data sheet.

Expert witnesses for P & O and Swan Hunter were agreed that Bituflux was totally unsuitable for coating ballast tanks. It was not watertight and had poor adhesion.

Wailes Dove's experts would suggest that the fault had developed because of contamination of the tank surfaces by salt and sulphur from the atmosphere before the Bituflux was applied.

The hearing continues today.

Big companies to switch from oil to coal heating

BY MAURICE SAMUELSON

EXPRESS DAIRIES and Dunlop are among leading UK companies planning to switch from oil to coal for heating and process work, according to the National Coal Board's marketing department.

The two companies are named by the board after it disclosed that Imperial Chemical Industries is to convert a large factory in the North-West from oil to coal to provide process heat.

The board is hoping that ICI's skill as an energy purchaser will influence other big users to return to coal despite the world oil glut.

ICI, which is to spend £8.5m on converting to coal at its soda ash factory at Lostock, Cheshire, said yesterday this would enable it to supply the UK market for soda ash and to make profit able exports. The glass and chemicals industry are the main users of soda ash.

However, ICI would not have converted the Lostock works if it had not been helped under the Government's boiler conversion grants scheme. Its grant is about 25 per cent of the capital cost of conversion.

The 25 per cent grant for the Lostock project is the biggest allotted by the Government under the boiler conversion scheme. It has now committed more than £4m out of the £50m which it made available in the two years ending March, 1983.

The Chancellor is expected to announce in today's Budget that the scheme is being opened to non-manufacturing industry to hasten the switch to coal and to stimulate the boilermaking industry.

Computerised security monitoring station opens

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE FIRST computerised central station for monitoring security in industrial, commercial and private properties was opened in Manchester yesterday as the precursor of a system which will eventually cover most of Britain.

Central stations monitor not only emergency alarms at subscriber companies and homes but also normal daily locking and unlocking procedures at factories, banks and shops and night security patrols.

The station, opened by Mr James Anderton, Manchester's Chief Constable, is run by the U.S. company ADT Security Systems.

The conversion of its existing manual station in Manchester to full automation is linked to the automation of other stations, including Birmingham and Nottingham as bridging points. A fully automated central station will be opened in London next year.

ADT, which has introduced fully automated centres in Canada and the U.S., said such computerisation allowed a much faster response to alarms on subscriber premises.

Detailed information involving subscribers' equipment, open and close routines and holiday schedules will be held by the computer. Temporary or irregular information, such as the change in a store's opening times, can be fed in by the computer operator.

Mr Anderton, in opening the centre, said burglary was one crime that was not treated seriously enough by the public.

UK NEWS – LABOUR

Labour board cuts 'threat to dockers'

BY BRIAN GROOM, LABOUR STAFF

PROPOSED CUTS in the National Dock Labour Board would prevent it discharging its responsibilities, Mr Ritchie Pearce, chairman on the unofficial National Ports Shop Stewards' Committee, said yesterday.

He said there was a danger dockers and employers in major ports could lose control over some of their own affairs if the present 21 local labour boards were replaced by five regional bodies.

The committee has called for a one-day national dock strike in protest at the proposals. Mr Pearce said they were a "further whittling away" of dockers' hard-won rights.

The influence of the unofficial committee has declined and there are doubts about its ability to stage an effective strike without the backing of the Transport and General Workers' Union.

Employees fear, however, that it may have found an issue which will win support. Britain' 18,000 registered dockers are nervous about the board's plans, the likelihood of another batch of voluntary redundancies this year, and what they fear is growing pressure to alter their unique employment rights.

The labour board, through which employers and union representatives jointly regulate dockers' numbers and working conditions, proposed reducing the number of local boards in a bid to prevent a deficit of £7m building up by 1985.

Mr Pearce, leader of Southampton's dockers, said the interests of Southampton, Weymouth and Poole could suffer because they would be represesented by just one employers' and one dockers' delegate in a new, Bristol-based, South West board. It would include ports in the South, the South West and South Wales.

There is also concern about plans to make port employers, rather than the board, responsible for dockers' medical and welfare services.

The unofficial committee want the transport union to call a special meeting of its docks committee and reject the proposals. Mr John Connolly, the union's national docks secretary, said they would be discussed at the next regular meeting on April 15.

Irish ferry turns back after blacking at Sealink port

B & I LINE, owned by the Irish Government, was prevented from starting its planned daily Dublin-Holyhead service yesterday as Sealink employees at the North Wales port again blacked the company's ferry, writes Robin Reeves.

For the second time in three days a morning gang of 17 men at Holyhead refused to handle B & I's ferry, Connacht, and were sent home by Sealink as a disciplinary measure.

The action is being supported by all ten unions at the port which fear the new service will undermine the profitability of Sealink's existing Holyhead operations.

But in contrast to last Saturday, when their refusal to co-operate in B & I's berthing trials, led to the cancellation of Sealink's own afternoon sailing, yesterday the Sealink ferry St David, left for Dun Laoghaire on time.

The 6,000 tonne Connacht waited just outside Holyhead harbour for more than an hour but was told no morning gang was available. She eventually decided to return to Dublin, having failed to land the 39 passenger and nine cars on the inaugural trip. This was out of an original booking of 250 passengers.

As a company, Sealink is continuing to insist publicly that the men's action is wrong, that it must maintain an open ports policy.

Industrial action call by teachers supported

By John Lloyd, Labour Editor

LOCAL AUTHORITY unions yesterday gave full support to the industrial action planned by teaching unions from Thursday.

The teachers are protesting against the refusal by local authorities to go to arbitration on their 3.4 per cent pay offer. The unions are claiming 12 per cent.

A meeting of the TUC's local government co-ordinating committee agreed that the non-teaching unions would take no action which would impede the effectiveness of the action.

The teachers have said they will cease covering meal breaks, and will refuse to attend meetings with parents outside normal hours.

The co-ordinating committee's statement means that manual workers in schools will be instructed not to assist in keping the schools open during the lunch breaks, or in any way mitigate the effects of the action. These are expected to include the closure of schools at midday.

Mr Alan Fisher, general secretary of the National Union of Public Employees and chairman of the co-ordinating committee, said after the meeting that the teachers' action was "vitally important" for those local authority groups — who include the administrative and clerical workers—who have not yet settled. The local authority manual workers settled earlier this year for about 7 per cent.

Mr Fisher said: "Local authority and other public service employers must recognise that if strikes are to be avoided in our essential services, they must accept the need for arbitration when negotiations have broken down."

The National Union of Teachers, the largest teaching union, said yesterday it had received informal approaches from a number of education authorities, asking to be exempted from the action on the understanding that they would support the demand for the issue to go to arbitration.

It is understood that the authorities include the Inner London Education Authority, Leeds, Nottingham and Oxfordshire.

British Steel Scottish plant halted over new rosters

BY BRIAN GROOM, LABOUR STAFF

PRODUCTION was halted at British Steel Corporation's Ravenscraig complex in Scotland yesterday, when management carried out its threat to implement new working practices without the approval of the biggest union.

Some 3,000 members of the Iron and Steel Trades Confederation walked out after nine men at the Gartcas works, 11 miles from the main plant, refused to operate the changes and were sent home.

The stoppage poses a new threat to the loss-making works. BSC said early acceptance of the productivity scheme was essential to the survival of Ravenscraig and Gartcosh in their present configuration, "especially given that other major works in the strip products group have already signed similar agreements and are thus in a position to further improve their cost performance, which is already significantly better than at Ravenscraig and Gartcosh."

Ravenscraig—one of BSC's five key integrated plants—has a wide catchment area for its steel. As well as making its own products, it supplies steel to the two Scottish plate mills, Clydebridge and Dalzell, and the smaller Glengarnock works. Yesterday's stoppage also halted work at the Hunterston ore terminal.

The ISTC accused the corporation of breaking the national deal reached on February 3, when the ISTC withdrew its threatened national overtime band and agreed that local productivity negotiations could take the place of a national wage award.

That deal included a provision for a "flying squad" of national union officials and management to intervene if there was a failure to agree at local level. BSC said it offered this on February 26, but the union says the corporation has broken off negotiations.

Mr Clive Lewis, ISTC divisional officer, said the management's action was "lunatic." He would seek to have the strike declared official.

"The document they first presented ran to 47 pages. We have had two meetings on it. A lot of things in it mean very fundamental change, and it's not something you can agree in five minutes," he said.

Mr Lewis said contentious clauses included one which would cancel all manning agreements, and leave management free to determine manning levels. This could mean steelmen working on jobs without sufficient manpower.

The productivity scheme involves 600 redundancies from the workforce of 5,760. BSC says that increases to the lump sum bonus scheme could provide double-figure rises.

BSC said last night that the steelmen had walked out without leaving safety cover. Management had to perform that task. The proposals had been put forward last November, and that there had been plenty of time to reach an agreement.

Key civil servants' union rejects two-year new technology deal

BY PHILIP BASSETT, LABOUR CORRESPONDENT

EXECUTIVE GRADE civil servants have rejected in a close vote the Government's offer of a two-year interim agreement, including a guarantee of no compulsory redundancies, on introduction of new technology in the Civil Service.

The executive committee of the Society of Civil and Public Servants, representing about 100,000 middle-ranking staff, rejected the interim offer by 12 votes to 11.

Though many on the executive thought that the union's failure to mount effective resistance to new technology meant that it had to accept the agreement, the eventual majority were concerned about agreeing to a deal so close to the union's annual conference in the spring.

SCPS conference policy for the past two years has been to reject any deal which did not guarantee absence of job losses. The proposed agreement accepts that an unspecified number of jobs will be lost as a result of new technology.

The union's rejection of the offer casts a doubt on its overall acceptance by the Council of Civil Service Unions. The Finance and General Purposes Committee of the lower-grade Civil Service Union meets this week on the offer, and if that rejects it too there will be 17 votes out of the council's 63 members against it.

This will increase the pressure on delegates at the special conference to consider the offer of the Inland Revenue Staff Federation. If the IRSF went against its executive's somewhat reluctant recommendation to accept, its eight council votes would be enough to form a blocking one-third minority.

If that were the case, then it is likely that the Civil and Public Services Association might go it alone in accepting the deal for its members. The CPSA executive meets on the offer tomorrow.

The IRSF, facing the largest job losses — about 6,500 — from computerisation of Pay-As-You-Earn, tells its members starkly in a special bulletin that if the special conference rejects the offer the union must prepare "early strike action."

Mr Tony Christopher, IRSF general secretary, says: "The prospects of mounting a service-wide campaign this year have already been fully explored with the other unions, and there seems little chance of organising an effective joint attack."

The Institution of Professional Civil Servants and the First Division Association have accepted the offer. The full CCSU meets on it on March 18.

● The Government and Civil Service unions submitted terms of reference yesterday for arbitration on this year's pay deal.

The two sides formally failed to agree on the terms. The union side's terms are essentially 13 per cent increases, with an underpinning £12.50 minimum, and the Government's a complex range of pay offers from 0 to 5½ per cent.

Labour attacks guillotine on Oil and Gas Bill

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE BILL to privatise the production of North Sea oil was condemned in the Commons last night by Mr John Silkin, Labour's shadow Leader of the House, as "evil, bad and wicked."

He compared it to the sale of Amersham International—"the selling-off of publicly-owned assets at bargain-basement prices regardless of the public interest."

Mr Silkin was speaking in a debate on the Government's guillotine motion, introduced to speed the passage of the Oil and Gas (Enterprise) Bill, which is still in its Committee Stage.

Mr Francis Pym, Leader of the House, confirmed that the articles of association for Britoil, the privatised company which is to take over the British National Oil Corporation's exploration and production activities, will be published later this week.

Labour MPs have been angered by the Government's failure to produce the articles at an earlier stage. They want to make sure they contain proper safeguards to prevent foreign interests gaining control of Britoil.

But Mr Pym's promise yesterday failed to placate the Opposition. There were complaints that the documents will be produced so late that there will be no opportunity to discuss them in committee.

Mr Silkin said it was extraordinary that the Government was trying to speed up the BNOC "rip-off" at a time when oil prices were falling steeply. He speculated whether prices would fall by 50 or 60 per cent by the time Britoil came on the market.

The Government was putting ideology before everything — and in this case their ideology was privatisation.

Mr Pym, however, said progress had been so slow that unless the Government took action the Bill would be in jeopardy.

He pointed out that there had been 17 sittings of the committee with 70 hours of debate. Yet only 11 clauses had been dealt with and 25 clauses and four schedules had still to be considered.

At the present rate of progress the Bill would still be in committee by the time of the summer recess.

Mr Pym said the Government motion meant the Bill would be back on the floor of the House by March 23. There would be ten further committee sittings giving a total of 110 hours of debate in committee.

Mr Pym argued that it had been impossible to produce the articles of association earlier because of their complexity.

At this, Mr Gordon Wilson (SNP Dundee East) protested that MPs would not now have an opportunity to discuss the articles except for a short period at the report stage.

Mr Pym, however, reminded him that during the Second Reading debate the Government had made it clear that there would be safeguards over control of the new company.

The guillotine motion was approved by a majority of 58 (284-226).

Immigration 'obsession' with errors in papers

SEARCHES for discrepencies in documentation provided by immigrants from the Indian sub-continent wishing to join relatives in the UK has become become "almost an obsession," it was claimed at a Commons select committee yesterday.

"Documents, both statutory and private which prima facie speak for themselves are ignored and generalised as easily procurable and forged," the United Kingdom Immigrants Advisory Service (UKIAS) told the Race Relations and Immigration sub-committe.

"Discrepancies are deemed to outweigh the documentary evidence, thus tipping the balance of probability against the applicants, thus delaying decisions for months or years, causing great hardship," UKIAS said in written evidence.

UKIAS investigated some 45 cases where entry clearance had been refused because the burden of proof of relationships had not been satisfied. In some UKIAS said it found the appellants were related as claimed.

Lawson dismisses Amersham criticism

By Ivor Owen

MR NIGEL LAWSON, the Energy Secretary, yesterday ridiculed assertions that the taxpayers lost in excess of £20m through the flotation of shares in Amersham International, the state-owned radioactive materials producer.

"This was a highly successful act of denationalisation," he insisted.

Mr Lawson argued that the idea that the price at which the shares changed hands after the original flotation provided an accurate indication of what could have been obtained for the company as a whole was not a view shared by "anyone who knows anything at all about the Stock Exchange."

Asked if he was satisfied with the advice given by Rothschilds, the merchant bankers, on the fixing of the original share price, he said: "I am satisfied that Messrs. Rothschilds gave the Government their best advice."

Mr Tam Dalyell (Lab West Lothian) challenged the minister to explain why the Investors' Chronicle, in its issue of February 26, had been able to assure its readers solemnly to expect a premium of 30p over the existing share price of 142p.

Why was it that neither Mr Lawson nor Rothschilds had been as wise? he asked.

Mr Lawson replied that at the time the share issue was announced the Investors' Chronicle had said the issue was "ambitiously priced."

He agreed with Mr Peter Viggers (Con, Gosport) that neither the use of the tender system nor a higher initial price for the shares would necessarily have ensured a higher net return for the Government.

"The taxpayer got a very fair price," maintained Mr Lawson.

Mr Merlyn Rees, Labour's shadow Energy Minister, asked: "Do you consider that your decision on the method of sale — and it was your decision — was the right one for the community?"

Mr Lawson answered: "I accepted the advice that was given by my advisers. I take full responsibility for that."

Reaffirming his view that the sale had led to a "very successful result," he dismissed the protests over the privatisation with the comment that he had never before heard or read so much nonsense.

Hillhead hears first shots in anger

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Hillhead by-election campaign started officially yesterday with Mr Roy Jenkins, the Social Democratic-Liberal Alliance candidate, confident of friendly support.

The Alliance, Labour and the Scottish Nationalists held Press conferences to open their campaigns. The Conservatives waited for an adoption meeting later last night.

Voting among the 41,000 electorate is on March 25. The by-election was called on the death of Mr Tom Galbraith, Conservative.

Mr Jenkins was anxious to dispel persistent charges of "carpetbagging."

He said he had received a friendly welcome. Unfriendly responses could be counted on the fingers of two hands — less than at the same stage of his last campaign, in Warrington.

The number of "don't knows" in Hillhead was higher than the 12 per cent estimate of a recent poll, he suggested.

This is borne out in a poll published today in the Glasgow Herald, which numbers don't knows at 30 per cent. The poll shows Labour with 23 per cent, the Conservatives with 22 per cent, the Alliance 17 per cent and the Scottish Nationalists 8 per cent.

Leaflets

Mr Jenkins said people he met were often wrestling over their party allegiances.

He headed off to hand out leaflets and shake hands with shoppers and parents outside local primary and nursery schools.

Mr Robin Cook, Labour MP for Edinburgh Central, speaking for Labour's Mr David Wiseman, accused Mr Jenkins of misrepresenting Labour's estimates of public borrowing.

Mr Cook attacked what he called the obscene situation in which 100 school leavers were chasing every job vacancy.

Labour wanted to create jobs through a stable exchange rate and a public spending stimulus to the economy. Mr Wiseman told a questioner that he was angry at the weekend speech by Mr Pat Wall, who is seeking endorsement as Labour's candidate in Bradford North.

Mr Wall did not agree with these views and he did not think the national executive of the Labour Party would back him.

Mr Jimmy Allison, Labour's election agent, said there was no prospect of a party split in Scotland.

Mr Wiseman accused the Government of pursuing "the economics of the madhouse and the social policies of the poorhouse."

"We need a radical alternative Budget designed to reverse the trend. Instead of taking money out of public investment we should be putting it back into providing jobs at a humane level of social services," he said.

Mr George Leslie, the Scottish National Party candidate, said it was vital to put Hillhead and Scotland on the political map.

Reality

He said a recent poll had shown that 26 per cent of Labour voters were ready to back the SNP as their second choice and it was up to the party to bring this to reality.

Mr William Whitelaw, the Home Secretary, in a speech prepared for the adoption meeting of Conservative candidate Mr Gerald Malone, said it was hard to take the SDP seriously.

The movement "remains as bitterly divided on a minority of its policies as it is completely undecided on a majority," he said.

Power stations kept open 'for district heating'

By Maurice Samuelson

SOME old power stations, due for closure, are being kept open for possible use of their waste heat for district heating schemes, Mr Fred Bonner, deputy chairman of the Centrad Electricity Generating Board, said yesterday.

Together with senior officials of the Electricity Council he was giving evidence to the Commons select committee on energy which is investigating the prospects for district heating schemes fed by hot water from power stations.

Proponents of such schemes see them as a long-term solution to the problem of high energy costs, pointing out that more than half a power station's fuel input is wastefully discharged into the environment.

In a memorandum, the CEGB told the committee that if there was a market for heat from CHP it was anxious to supply it.

However, the problem was whether there would bg sufficient customers.

Ships retained

DEFENCE SECRETARY Mr John Nott confirmed in a Commons written reply that the assault ships HMS Fearless and Intrepid would be retained in Royal Navy service at an extra cost of £3m.

Energy aid hint for industry

BY IVOR OWEN

ANOTHER HINT that today's Budget will contain welcome news for industries which are major electricity-consumers was given by Mr Nigel Lawson, the Energy Secretary, in the Commons yesterday.

He told MPs: "I hope we will be able, very shortly indeed, to be able to do something—I do not say everything that industry would like — of significance in that area."

Dealing with domestic electricity charges, Mr Lawson said he expected that area boards would shortly announce price increases of under 10 per cent for the coming financial year.

In a general review of energy costs he confirmed that coal prices would stay the same until November.

He hoped it would be possible to look forward to some stability in gas prices, and suggested that the falling price of crude oil and weak demand meant that there was scope for buyers to seek lower oil products prices "through aggressive purchasing."

Mr Enoch Powell (OUP, Down South) asked if the Government looked ahead to the time when North Sea oil would be dear oil, and considered "how we should best protect ourselves against the danger of buying our own dear oil."

Mr. Lawson replied: "If I may say so, I think these matters are best left to the market."

Mr Ian Lloyd (Con, Havant and Waterloo) said that the market had done a splendid job in destroying the cohesion of Opec, which was "such a disaster" for the industrial nations of the West in the past decade.

Mr Lawson said he hoped the House would approve of the positive way in which BNOC had responded to market forces by reducing the price by $4 a barrel.

Mr Ted Rowlands, a Labour Energy spokesman, claimed that the fall in oil prices meant that BNOC faced the greatest crisis since its creation.

He called on the Government to postpone the denationalisation proposal for 12 months so that the corporation could weather the storm.

Ruling out such a step, Mr Lawson said he was confident that BNOC would remain capable of dealing with developments in the oil markets as they occurred.

In further exchanges Mr Lawson said the present level of gas prices was below that which would result from a free market.

He stressed that demand for gas by industrial users was more than what was available.

Domestic gas consumers, said Mr. Lawson, were largely unaware that despite the considerable increases already announced, they would still pay a great deal less than their counterparts in France and Germany.

Gas was still cheaper by far than either electricity or oil.

Mr. John Moore, Under-Secretary for Energy, indicated an early announcement by the Government to speed take-up of grants for conversion of oil boilers to coal.

Committee backs VAT exemption for arts

By Elinor Goodman, Political Correspondent

THE ARTS LOBBY yesterday received the influential backing of the select committee on education and the arts for its argument that the arts should be exempted from VAT.

The committee said in a report that all theatres, concerts and other cultural events should be exempted by 1985. As an interim step, the arts should bear a special VAT rate five points below the standard rate in force.

VAT is levied now at the standard rate of 15 per cent, and is a valuable source of revenue to the Chancellor. But after taking evidence from numerous arts organisations, the committee concluded that it was "not in the national interest that the arts should be stripped of financial resources by the action of VAT levied at the rate of 15 per cent.

The arts lobby has long argued that the imposition of VAT was damaging to the arts, but it has not so far succeeded in convincing the Chancellor. The committee said that on the basis of the evidence received it appeared that VAT had the effect of raising ticket prices "beyond the threshold of price resistance," and of depriving sections of the public from regular access to the arts.

Britain, as a member of the EEC, is party to a directive aimed at harmonising VAT within the Community which decrees that all EEC countries will have to exempt the arts from VAT eventually, because they are "an activity in the public interest."

Third report from the education science and arts committee, session 1981-82; Public and Private Funding of the Arts: (Interim Report on Value Added tax and the Arts.

● Authors whose books are in big demand at public libraries may soon earn up to an extra £5,000 a year, Arts Minister Mr Paul Channon announced in a written Commons reply yesterday, giving details of the Government's draft Public Lending Right scheme.

Anglo-Irish Council MPs may meet soon

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE FIRST meeting of UK and Irish MPs under the auspices of the five-month-old Anglo-Irish Council may be held in the summer.

The possibility of setting up the council's parliamentary tier as early as August has surfaced in discussions between Mr James Prior, the Northern Ireland Secretary, and the Social Democratic and Labour Party, Ulster's major Catholic party.

This could be the issue which makes or breaks Mr Prior's attempts to set up an elected assembly in the province this autumn.

SDLP may boycott Assembly election

The SDLP says it will not contest the election unless it gives it the opportunity for effective participation in the Anglo-Irish talks. This requires the creation of a parliamentary body which it could join as one of the parties represented in the assembly, and which would have some influence over Dublin and London.

The two hard-line Unionist parties—the Offical Unionists and the Rev Ian Paisley's Democratic Unionists — may withdraw, however, if they see the parliamentary tier as likely to develop into something more than the travel clubs which exist at Westminster under the name of inter-parliamentary groups.

Whether the SDLP will contest the elections will depend heavily on the man whom the Dail (the Irish parliament) confirms later today as its Prime Minister. While some British ministers may sympathise with the SDLP, the Government is unlikely to do anything about the parliamentary tier except in response to heavy pressure from Dublin.

It has been widely recognised for some time, even by the Prime Minister, Mrs Margaret Thatcher, that the assembly envisaged by Mr Prior contains significantly less for the SDLP than was on offer under the 1973 Sunningdale power-sharing agreement.

This time it will have no guaranteed position in government. Indeed, if the election follows previous voting patterns, it could become largely irrelevant without the support of the Alliance Party, which, while moderate, is still a Unionist party.

The Northern Ireland ministers, convinced that the Catholic minority is more interested in protecting its right to be Irish than in the weighting of assemblies and committees, have tried to offset the perceived deficiencies of the assembly by stressing the Irish context in which it would be set up.

The simple eight or nine clause Bill amending the 1973 Northern Ireland Constitution Act, expected to be introduced in parliament soon, is to be accompanied by a longish White Paper stressing the legitimacy of the nationalist identity in the province and the need for equal treatment of the two communities.

But there is so far no indication of how or whether this would affect the day-to-day administration of the province. For the SDLP, the manner in which the parliamentary tier is set up will show whether the British Government is acting in good faith, or merely trying to silence it with mood music.

The Government, while tolerably keen to see the parliamentary tier set up, is extremely reluctant to push for it or to define its functions.

This is only partly due to its fear of antagonising the Unionists. Indications are that the majority of Westminster back benchers are so bored by the whole idea that Government attempts to foist it on them could result in a humiliating rebuff.

Mr Prior could let it be known that he would smile on any back bench moves to rally support, possibly through an early day motion. But even that would be likely to raise the suspicions of the Unionists, who have seen several of their erstwhile colleagues destroyed by what their supporters regarded as an over-readiness to talk to Dublin.

Paisley's party far from eclipsed

The Official Unionists, the party to which Mr Prior is looking for some form of deal with the SDLP as a basis for devolution—is, in no mood to take risks.

Demoralised by the steady rise of Paisleyism in recent years, it may be heartened by last week's by-election triumph in South Belfast, where Mr Paisley's candidate was beaten into a humiliating third place.

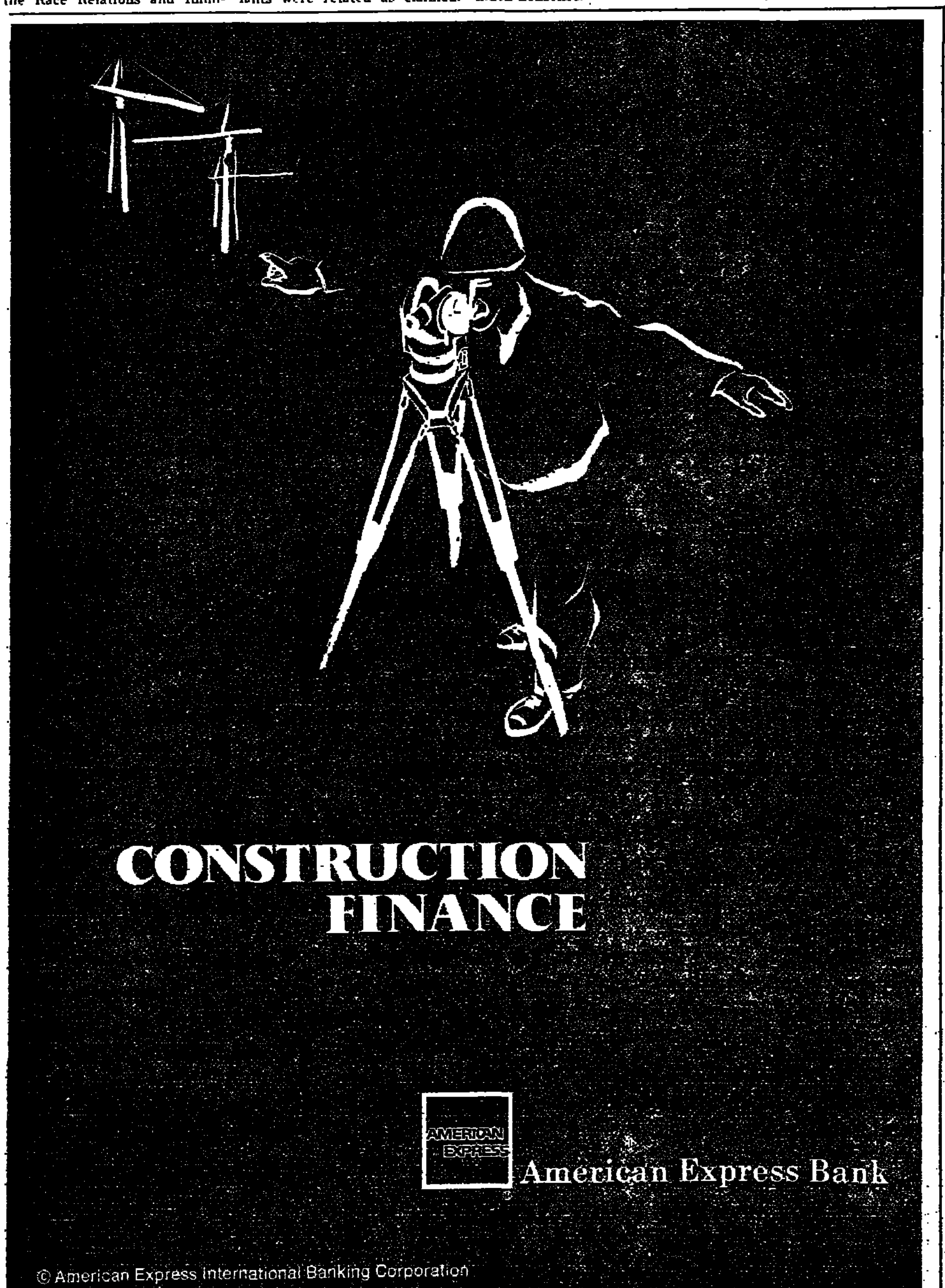
But the OUP recognise that the result might well have gone the other way—if, for example, the IRA had been more successful in its attempt to assassinate the Lord Chief Justice, Lord Lowry—and that Mr Paisley is still far from being eclipsed.

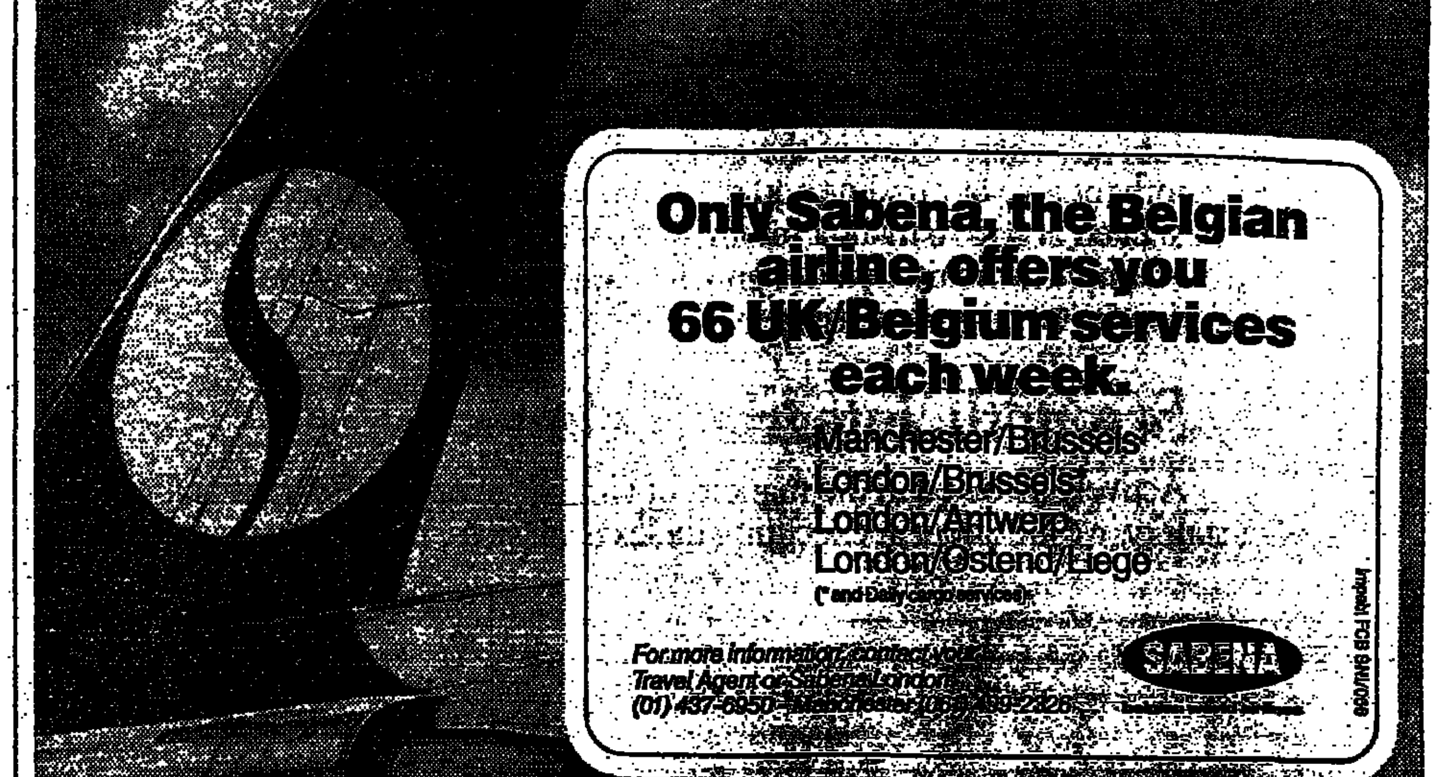
In trying to turn last week's win into the beginning of his decline, it will probably take a hard line in the devolution negotiations.

Certain behind-the-scenes events hint at Government efforts to prop up the OUP—the concentration on security efforts, the disregard of Mr Paisley and his attempts to rally a "third force," his exclusion from the early devolution negotiations — possibly even the investigations into the Kincora boys' home affair, which appears to be damaging Mr Paisley's party.

Many of the 300 spoiled votes in last week's by-election were reported to have had scrawled on them anti-DUP slogans referring to Kincora.

The Government would be reluctant to do anything which might give Mr Paisley a stick with which to beat the OUP. It is, therefore, unlikely to press them to accept any further developments on the Anglo-Irish Council, unless it, in turn, comes under heavy pressure.





TECHNOLOGY

EDITED BY ALAN CANE

£12m glossy paper process

BY ANDREW FISHER

WITH THE aid of a highly secret U.S. process and some £12m of capital investment, Tullis Russell of Scotland has produced a new kind of coated gloss paper to attack the high quality printing market.

Its product is called Trulux, the result of an advanced process called Truflo which Tullis Russell developed on the basis of the special coating technique of S. D. Warren, part of the Scott Paper group of the U.S.

The UK market for gloss papers — used in magazines, brochures, promotional material, and book illustrations — is worth about £120m a year, representing some 200,000 tonnes. Tullis Russell will be up against a variety of British and foreign competitors in this sector.

Tullis Russell, a private company, with annual sales of £40m, described Truflo as a breakthrough in coating technology.

With the international pulp and paper industry still in recession, now might seem an inappropriate time to come out with a new product. But Tullis feels it might derive some advantage from introducing something new when the market has no further to fall.

The company made a loss of nearly £80,000 in the first half to September 30, last year.

What the Truflo process does is eliminate supercalendering, the conventional gloss-producing method which compresses the paper sheet, losing bulk and rigidity.

A supercalender has alternate steel and fibre rolls and gives a gloss finish through the polishing action on the coated paper passing through the rolls under pressure.

The Truflo process smooths and moulds the coating differently without compressing the base sheet. Tullis claims that its product has a superior smooth gloss, a high bulk to weight ratio, and exceptional rigidity.

Initially, the company intends to break into the British gloss paper market, later branching out overseas. As well as its investment on plant and equipment, it has also spent some £2m on research and development to adapt the Warren process to its own needs.

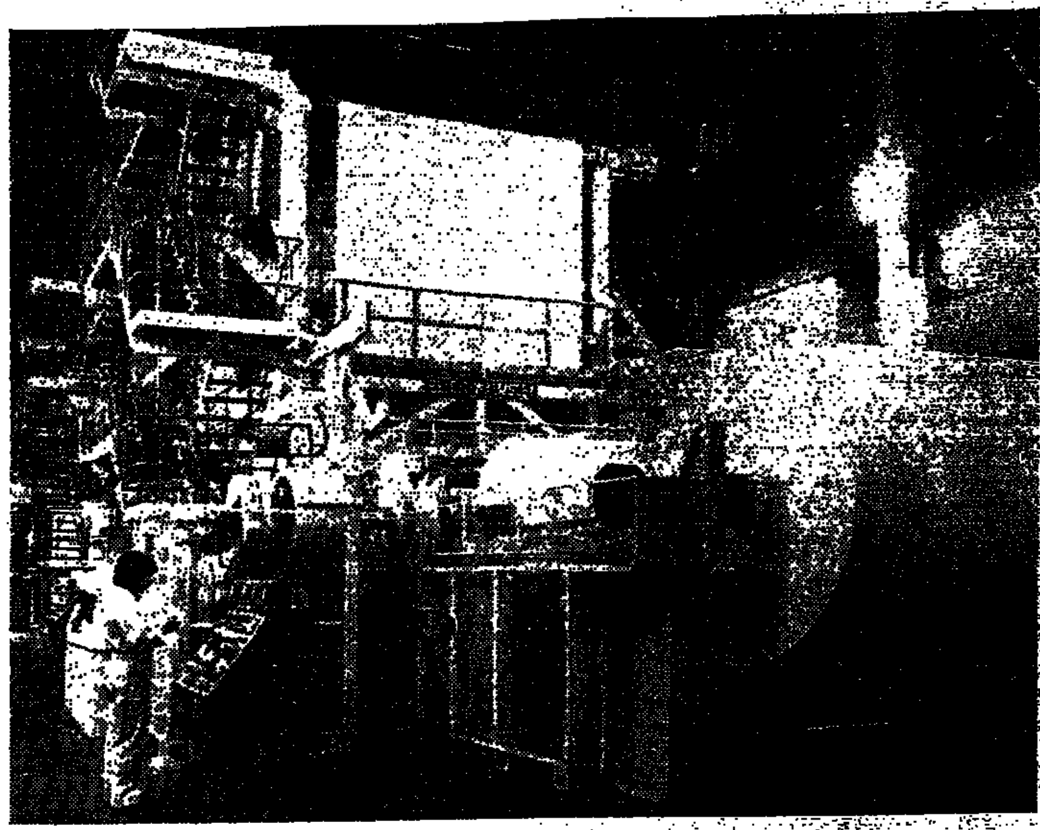
It does not intend to stop at Trulux. Mr Ronald Wylie, chief executive of the Fife-based company, said trials would take place in Warren's laboratories in Maine in April and September with the aim of developing further products with the Truflo process.

The investment in the Truflo plant is Tullis Russell's biggest project. Initial capacity will be between 20,000 and 30,000 tonnes a year—more than a tenth of the domestic market—but this could be doubled by spending only another £250,000 or so, said Mr Wylie. Previously, the company made only uncoated papers.

The whole complex is as big as a football pitch, and the coater itself is 3.8 metres wide. The company says it is one of the biggest plants in Europe, producing fine quality coated grades.

Each roll of coated paper produced by the machine weighs 15 tonnes and can be as long as 20 miles. The coating area is fully automated with two separate computers and two micro-processors controlling every step of the preparation.

Because of the greater rigidity and bulking qualities of Trulux, said Tullis Russell, printers can often use lighter weights than normally specified, offering customers large savings in postal costs.



The feed end of the Russell Truflo coating plant

Rod for use of electricians

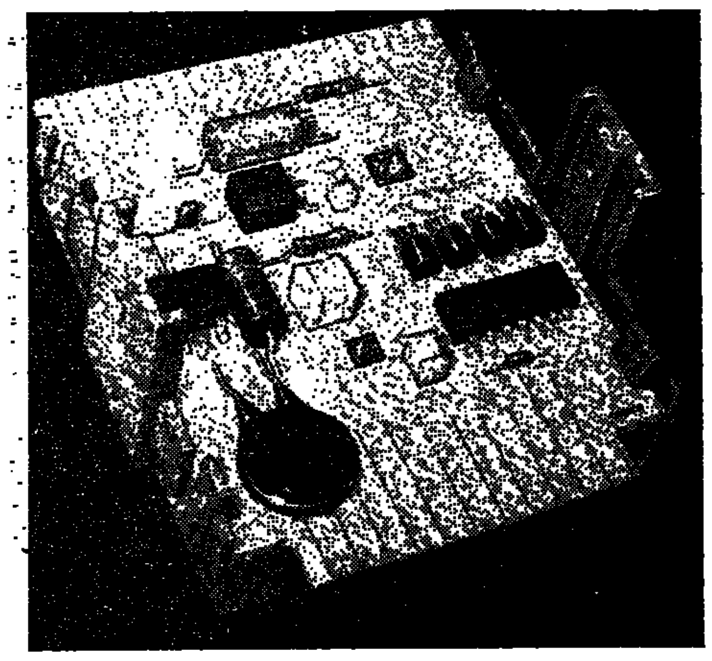
THE GERMAN company Katimex-Cielker GmbH KG, of Follerstrasse 82, Cologne 1, has developed "Kabelblitz," a special rod for use by electricians in the "threading" of cable through conduits.

The flexible rod is made of Polystal, a combination of glass fibres and polyester resin sold by the Bayer group, and can be used for the insertion of cables into long and winding conduits.

Comdial system ready for switch to the digital age

BY ELAINE WILLIAMS

COMDIAL is a young telecommunications company which says it has designed a new telephone dial to smooth the transition from outdated electrochemical telephone exchanges to complete digital systems.



The Comdial innards contain far less components than conventional systems

The company, which was set up in the U.S. four years ago, is already in limited production of the dialler which can operate with the old electromechanical telephone exchanges and automatically switch over to modern digital ones, such as System X in Britain.

Until now it has not been feasible to produce a dial small enough or cheaply to work with both systems.

The company claims that its dial design can eliminate the need to produce two different types of electronics for the handsets and could ease the problem of replacing old handsets when digital techniques take over completely.

In Europe alone there are about 189m telephone handsets, of which a substantial proportion will need to be replaced. In Britain, the figure is about 28m.

Every year the market for new and replacement telephones grows by about 10 per cent. "If we could just tap 10 per cent of the market, we would die laughing," said Mr Ray Vickers, chairman of Comdial's UK subsidiary.

The U.S. company was started by Mr Don Hoff, an entrepreneur and inventor, who has already built up two other technology companies.

Investors have shown interest in Comdial, which is a public corporation. It is estimated to be worth at least $42m on the U.S. market.

Comdial has spent more than $6m (£3.29m) developing its dial which should be in full production in California by the middle of this year.

The new dial contains fewer individual components than a conventional touch tone or push button dial. The heart of the system is a single silicon chip—itself having the equivalent of 27,000 components.

The chip converts the numbers pressed on the keypad either into the sequence of electrical pulses used in electromechanical or the individual tones used for digital systems.

However, the ability of the system to do both tone and pulses opens up immense possibilities in the business world.

For example, the company says that it could be used to provide small shops and high street chains with a cheap way of verifying credit cards automatically down the telephone lines.

This could cut dramatically the number of frauds on small value purchases below £50 which normally do not require checking and are, therefore, prone to abuse.

The dial is capable of storing telephone numbers in a small electronic memory. So it would be possible to press a single number and the handset would automatically dial the full code in the existing pulse mode for the UK system.

As soon as the call is made, pressing another button would convert to the tones system so that the user can communicate with a computer system operating a credit card system.

All the shop owner has to do then is dial in the full credit card number and wait for the computer to reply.

Comdial says that it already has the designs on paper to do this, but until recently has lacked the last link in the chain—the means for the computer to answer back.

The company solved this problem by taking over MCS, a subsidiary of Menzies, the newspaper distribution chain, which makes and markets a voice response system.

In return, Menzies has taken a 26 per cent stake in Comdial's UK subsidiary. The Rank Organisation already has 10 per cent.

Large organisations such as Renault and Ford use the MCS voice response system in the UK for applications such as parts ordering by telephone directly to the computer and checking car dealers' credit.

The general lack of touch tone telephones in the UK, however, and the relatively high cost of most systems on the market has prevented the wide applications of credit check systems here, unlike the U.S.

However, Comdial believes that it can provide a system which is cheap enough to be accepted.

Mr Vickers is keen to set up a UK manufacturing base, now that Comdial has taken over MCS to fill the missing gap in its technology.

UK manufacture of the new telephone system could begin in the next 18 months or so providing several hundred new jobs.

IBM research on wave characteristics of electrons

THE IBM research laboratories in Rüschlikon, Switzerland, have succeeded in demonstrating the wave characteristics of electrons. Their experiments are claimed to have proved for the first time that electrons can "tunnel" through a vacuum between two electrodes.

Former attempts to demonstrate this theory of quantum mechanics, undertaken by IBM in the U.S. and by the U.S. National Bureau of Standards, did not succeed fully owing to problems of vibration; since the tunnel span has a distance of only a few Angstrom, the slightest vibration makes the experiment impossible.

JOHN WICKS

Heinrich Rohrer and Gerd Binnig with their wave electronics experiment

TELEVISION

BBC 1

6.40-7.55 am Open University (uhf only). 9.35 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 *Nationwide Budget Special* with David Dimbleby.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Cartoon.
7.05 Doctor Who, starring Peter Davison in "Earthshock."
7.30 A Question of Sport.
8.00 Emery presents "Legacy of Murder," a light-hearted thriller starring Dick Emery.
8.35 Taxi (American comedy).
9.00 News.
9.25 The Budget: The Chancellor of the Exchequer, The Rt Hon Sir Geoffrey Howe, MP, for the *Government.*
9.35 Play for Today: "Tishoo," by Brian Thompson.
11.00 Everyman: Kathy Leaves Home. Can severely mentally handicapped children have normal lives?
11.50-11.55 News Headlines.

Chris Dunkley: Tonight's Choice

You will have no trouble finding Budget coverage: these days the problem is escaping it once you have heard the worst repeated six times. Starting at 3.00 pm Radio 4's programme will be presented by Susannah Simons, Robert Williams and Gordon Clough. LBC's will be presented by Brian Hayes, Peter Allen and Douglas Moffat. On Radio 2 the job is done by Jimmy Young and Dominick Harrod. If you have access to a television, David Dimbleby and Robin Day front the BBC 1 programme, and Alastair Burnet, Peter Sissons and Martyn Lewis present ITN's.

Later there are four items that should help us forget the Budget. Disappearing World, Granada's excellent anthropology series, returns with a programme which goes to Africa and studies witchcraft among the Azande tribe. Arena on BBC 2 carries us away in time rather than distance and screens Humphrey Jennings' superb 1941 documentary Listen to Britain and the Gas Board's 1935 film Housing Problems, which should put the Budget in perspective. BBC 1's *Play for Today* is Brian Thompson's 1979 West End comedy Tishoo, set a few years in the future in a university laboratory. Best of all ITV starts a new three part serial called Just Desserts, featuring the all-too-human Board of Trade detective, Bognor.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
3.55 pm *Play School.*
4.20 Pixie and Dixie.
4.25 Jackanory.
4.40 Animal Magic.
5.05 John Craven's Newsround.
5.10 Break in the Sun.
†5.40 *Laurel and Hardy.*
6.05 The Waltons.
6.50 News Summary.
†6.55 Huston Directs Bogart in "Across the Pacific."
8.30 Russell Harty.
9.00 Pot Black 82.
9.25 One Man and His Dog.
10.05 Arena.
10.45 The Budget: The Chancellor of the Exchequer.
10.55-11.40 Newsnight.
11.45-12.10 am Open University.

LONDON

12.00 am Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus: *Mavis Nicholson* introduces a specially extended hour-long programme. 3.00 Budget '82: Alastair Burnet presents the programme and Peter Sissons, with the VT80, illustrates instantly the effect of the Chancellor's measures.

5.45 News.
6.00 Thames News.
6.20 Help!
6.30 Crossroads.
6.55 Reporting London.
7.30 Max Bygraves—Side By Side With . . . Karen Kay.
8.00 The Glamour Girls.
8.30 Top of the World, presented by Eamonn Andrews.
9.00 Disappearing World.
10.00 News.
10.30 Budget '82: The Chancellor of the Exchequer, Sir Geoffrey Howe, talks *about his Budget.*
10.40 Just Desserts: David Horovitch in "Scoff Not."
11.40 Superstar Profile (Donald Sutherland).
12.10 am Close: "Sit up and Listen," with Ann Todd.

†Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 6.00 About Anglia. 7.00 *Peterborough Festival of Country Music.* 11.40 The New Avengers. 12.40 am Tuesday Topic.

BORDER

1.20 pm Border News. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.40 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 6.00 Crossroads. 6.25 *Central News.* 7.00 *Emmerdale Farm.* 11.40 Central News. 11.45 1982 Butlin's Grand Masters Darts Championship Final: Eric Bristow meets John Lowe. 12.15 am Tuesday Jazz and Blues: Dizzy Gillespie.

CHANNEL

12.30 pm Election '82: The Guernsey Election for Deputies. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 7.00 Private Benjamin. 10.28 Channel late news and Weather. 10.32 A Chance to Meet . . . Sandy Gall. 11.40 Danger UXB. 12.40 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 1.20 pm North News. 6.00 North Tonight and Area Weather Forecast. 7.00 The Two Of Us. 11.40 Superstar Profile (James Caan). 12.10 am North Headlines and Area Weather Forecast.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.30 Take the High Road. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 11.40 Late Night from Two.

HTV

12.30 pm Paint Along With Nancy. 1.20 HTV News. 6.00 HTV News. 6.30 The Comedians. 7.00 Emmerdale Farm. 11.40 The Amazing Years of Cinema.

HTV Cymru/Wales—As HTV West except:—9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 pm Trehetiau. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.40 Pwy Fydd Yma? 11.40-12.40 am Just Desserts (as HTV West 10.40 pm).

SCOTTISH

12.30 pm Gardening Time. 1.20 Scottish News. 1.30 The Electric Theatre Show—Peter O'Toole. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 11.40 Late Call. 11.45 1982 Butlin's Grand Masters Darts Championships.

TSW

12.27 pm Gus Honeybun's Magic Birthdays. 12.30 Bygones. 1.20 News Headlines TSW. 6.00 Today South West. 7.00 Private Benjamin. 10.32 TSW Late News. 11.40 Danger UXB. 12.40 am *Postcript.* 12.45 South West Weather and Shipping Forecast.

TVS

1.20 pm TVS News. 6.00 Coast to Coast—live from Southampton and Dover with Khalid Aziz and Vyvyan Mackeson. 7.00 The Real World—Sue Jay and Michael Rodd investigate the effects of tobacco and alcohol on health. 11.40 The Entertainers—Rock 'n' roller Shakin' Stevens in concert. 12.10 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. *5.15 Survival.* 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.40 North East News. 11.40 The Two Of Us. 12.05 am Reconciliation.

ULSTER

1.20 pm Lunchtime. 2.58 Ulster News. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 11.40 News at Bedtime.

YORKSHIRE

12.30 pm Does The Team Think? 1.20 Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.40 Barney Miller.

RADIO

(s) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 5.00 Andy Peebles. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (s).

RADIO 2

5.00 am Ray Moore (s). 7.30 Terry Wogan (s). 10.00 Colin Berry (s). 12.00 *Gloria Hunniford* (s). 3.00 Budget Special with Jimmy Young and Dominick Harrod (s). 6.30 Steve Jones (s). 8.00 The Golden Age of Hollywood (s). 9.00 *Listen to the Band* (s). 9.30 The Organist Entertains (s). 9.55 Sports Desk. 10.00 One Woman's Variety with Janet Brown. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (s). 2.00-5.00 You and the Night and the Music (s).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (s). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Shostakovich (s). 10.00 Sacred Garden of Delights (s). 10.55 *Malcolm Binns:* piano recital (s). 11.35 Bach Violin Sonatas (s). 12.05 pm BBC Welsh Symphony Orchestra, part 1 (s). 1.00 *News.* 1.05 *Six Continents.* 1.25 BBC Welsh Symphony Orchestra, part 2 (s). 2.05 John Sheppard (s). 2.50 The Mendelssohn and Brahms String Quintets (s). 3.55 Trio Cannello (s). 4.25 Jazz Today: Charles Fox with records (s). 4.55 News. 5.00 Mainly for *Pleasure* (s). *7.00 The Double Man:* An impression of W. H. Auden, by Ed Thomason (s). 8.00 Music of Eight Decades concert, part 1: Messiaen (s). 8.25 *So My Particular Friend* (s). 8.45 Concert, part 2: Stockhausen (s). 10.10 Dinu Lipatti plays Chopin (s). 10.30 Jazz in Britain: featuring Johnny Dyani, Witchdoctor's Son (s). 11.00 News. 11.05-11.15 Historic Sibelius.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Tuesday Call (Spring Cleaning). 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (s). 12.55 Weather, travel, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Ebdon's England. 3.17 PM Budget Special. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News: PM Budget Special. 7.00 News. 7.05 *The Archers.* 7.20 *Medicine Now.* 7.50 Animal Language (s). 8.20 High Mountains and Cold Seas (portrait of H. W. Tilman). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 *Weather.* 10.00 The World Tonight. 10.30 Semi-Circles. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

FT COMMERCIAL LAW REPORTS

Development land tax on compensation

COMMISSIONERS OF INLAND REVENUE v METROLANDS (PROPERTY FINANCE) LTD

House of Lords (Lord Wilberforce, Lord Simon of Glaisdale, Lord Russell of Killowen, Lord Scarman and Lord Bridge of Harwich): March 4 1982.

A STATUTORY purchase notice served on a local authority by a landowner is a claim to enforce a statutory right to dispose of the land in return for compensation; and the acquisition of development land by the authority pursuant to such notice is a compulsory acquisition which renders the landowner liable to development land tax on disposal, namely, at the date when compensation is agreed.

The House of Lords so held when dismissing an appeal by Metrolands (Property Finance) from Mr Justice Nourse's decision in the Chancery Division that it was subject to development tax after disposing of land to the local authority.

* * *

Section 45 of the Development Land Tax Act 1976 provides "(1) . . . the time at which, for the purposes of liability to development land tax, an interest in land is to be taken to be disposed of . . . (b) . . . is the time the contract is made . . . (4) . . . where an interest in land is acquired compulsorily by an authority possessing compulsory powers, the time at which the disposal . . . is made is the time at which the compensation for the acquisition is agreed."

Section 180 of the Town and Country Planning Act 1971 provides: "(1) Where, on an *application for planning* permission to develop any land, permission is refused . . . then if any owner of the land claims—(a) that the land has become incapable of reasonably beneficial use . . . and . . . (c) . . . cannot be rendered capable . . . he may serve . . . a notice requiring the council to purchase his interest in the land . . ."

Section 181 provides: "(1) The council on whom a purchase notice is served . . . shall . . . serve on the owner . . . a notice *stating either (a) that the council are willing to comply with* the purchase notice; or (b) that another local authority or statutory undertaker . . . have agreed to comply . . . or (c) that . . . the council are not willing *to comply* . . . (2) Where the council . . . have served . . . a notice in accordance with section 1 (a) or 1 (b) . . . the council shall be deemed to be authorised to acquire the interest of the owner compulsorily . . ."

*

LORD BRIDGE said that Metrolands was refused planning permission for the residential development of 4.31 acres of land in Bolton, and served a purchase notice on the council, pursuant to section 180 (1) of the Town and Country Planning Act 1971. On December 20 1974 the council served a compliance notice on Metrolands, pursuant to section 181 (1) (a) of the Act, stating that it was willing to comply with the purchase *notice.*

On August 11 1976 Metrolands and the council agreed that compensation of £64,550 should be payable on the acquisition of the land with the benefit of a certificate of alternative development which had meanwhile been granted.

Metrolands was assessed to development land tax of £29,085. It appealed to the Special Commissioners who held that the land had not been acquired *compulsorily and that by service* of the compliance notice the council had concluded a binding contract to purchase it. They accordingly allowed the appeal. The Revenue then appealed successfully to the Chancery Division where Mr Justice Nourse took the opposite view. Metrolands now appealed from his decision.

The Development Land Tax Act imposed a new tax, originally at the rate of 80 per cent on the realised development value accruing to a landowner on the disposal of his interest in the land on or after the "appointed day," which was August 1 1976.

If, as Metrolands contended, it disposed of the land on December 20 1974 (the date of the compliance notice), it was not chargeable to development land tax. If, as the Revenue contended, it disposed of the land on August 11 1976 (when compensation was agreed), it was chargeable.

*

It was not disputed that the council was "an authority possessing compulsory powers" within subsection (4) of section 45 of the 1976 Act. Since subsection (2) was subject to subsection (4), it followed that the first question was whether the land was "acquired compulsorily."

Metrolands argued that its service of the purchase notice was an unconditional offer to sell the land at a price to be determined in accordance with the statutory provisions applicable to the assessment of compensation on a compulsory purchase, and that the local authority's service of the compliance notice was a voluntary and unconditional acceptance of that offer. It was submitted that the offer and acceptance concluded a binding contract for the sale of the land on December 20 1974.

An acquisition could be described as compulsory, whether the compulsion to acquire was exercised by the acquiring authority against the landowner (commonly called "compulsory purchase") or *vice versa* (sometimes called a "reverse compulsory purchase").

A purchase notice under section 180, while in one sense it might be loosely described as an unconditional offer to sell the land, it was in truth much more than that. It was a claim to enforce a statutory right to dispose of the land and to receive the appropriate compensation.

Providing the landowner could make good his claim that the land satisfied the conditions of section 180(1)(a) and (c) the purchase notice must lead (subject to sections 184 and 185 which were not presently relevant) to one or other of the following results: (1) acquisition by the local authority; (2) acquisition by another local authority or statutory undertaker; (3) the opportunity to render the land capable of beneficial use by the grant of permission for the development originally refused or for some other development.

A local authority receiving a purchase notice must take action ("shall . . . serve a notice stating either . . .") under (a) (b) or (c) of subsection (1) of section 181. The grounds of opposition could only be that the land was capable of beneficial use, that *permission for some beneficial use* ought to be granted, or that the purchase notice should be modified to require acquisition by another local authority or statutory undertakers.

If a local authority was not in a position to advance any such grounds, and no other local authority or statutory undertakers would agree to comply with the purchase notice, it had no option but to serve a compliance notice under (a).

Land acquired *pursuant* to a purchase notice by way of a compliance notice was aptly described as "acquired compulsorily" under section 45 (4) of the 1976 Act. It followed that Metrolands disposed of the land on August 11 1976 and was chargeable to development land tax on that disposal.

The appeal should be dismissed.

*

Lord Wilberforce, Lord Simon, Lord Russell and Lord Scarman agreed.

For the Revenue: D. R. Wooley QC, Robert Carnwath and Viscount Dilhorne (Solicitor, Inland Revenue).

For Metrolands: D. C. Potter QC, R. M. K. Gray and N. G. A. King (Whitehouse Gibson & Alton, agents for Henry Fallows & Co, Darwen).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ONLY FOLKESTONE remains this afternoon, now the Warwick meeting has been abandoned because of waterlogging.

Both Doonally and Noon Gun are likely to offer reasonable value. Those prepared to take short odds about a maiden hurdler should consider Helexian.

The first to run is Doonally, among the runners for the Eridge Handicap Hurdle. Reasonably consistent but rather one paced, Doonally probably ran his best race in a long while with conditions against him when at Huntingdon for the two-mile Glatton Handicap.

Doonally, a son of Gold Rod, has inferior opponents this time and an additional five furlongs in his favour. I hope to see him with a clear-cut victory over Brighton Marina.

That useful sprinter Helexian, who has yet to score over hurdles, cannot be opposed in the second division of the Deal Novices event after his second-place run behind Young Dusky on the Bedfordshire course.

However, he will not be offered at realistic odds, following that run, and a better bet is probably the fourth in that event, Noon Gun.

Looking ahead to the start of the Flat, Doncaster's March 25 opening day also sees the launch of Marshall Racing by a former Ladbrokes racing manager, John Marshall. This is a credit betting operation which will attempt to offer a more personal service than is sometimes available from major organisations.

Marshall Racing will deduct only 9 per cent betting tax provided the Chancellor does not decide on any adverse changes. It will be out to compete with the "big four" multiples over competitive ante-post odds.

FOLKESTONE

1.45—Low Tide
2.45—Seed Pearl*
3.15—Doonally***
4.15—Helexian
4.45—Noon Gun**

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

While UK small businessmen hope the Chancellor will impart good news today, Terry Dodsworth assesses the climate in France

Where socialism meets capitalism head on

"IF YOU want to create new jobs, you first have to create new companies," Yvon Gattaz, head of the French employers' Federation (the Patronat), said the other day. The Government agrees with him. But it is about the only point on which the two sides, locked in a continuous battle of words for the last nine months, are on the same wavelength.

Watching this conflict is a little like being a spectator at a skittle game in which the Government keeps putting up a new target that is then unerringly knocked down by the Patronat.

The Industry Ministry may be increasing its aid—but the Treasury, say the employers, is taking away more at the other end; subsidised interest rates may be on offer—yet they are still extremely high; there may well be a new effort to create companies—but the enlarged nationalised sector could swallow up many of the traditional subcontractors; small businessmen may be exhorted to invest—but they are still steadily losing control to the unions.

This ideological argument derives from two radically different views about the mechanics of a modern economy. For the traditional wing of the Patronat, free market rules, with the opportunity to earn profits and run a strictly independent business, are what counts. In France, it is true, this freedom has always been laced with a certain amount of Government aid through subsidies. But small business has maintained a strong, bourgeois, anti-State ethic, impregnated with the idea that the "patron" is really boss and that private capital is sacrosanct.

Socialism runs counter to this thinking on two levels. First, it wants to increase workers' rights, raising the lowest wages (usually paid in the smaller companies), giving greater security and reducing the privileges of the patrons. Since the change of Government last summer, there have been cases of dismissed trade unionists being reinstated; and the employers feel themselves particularly victimised by the rise in social security charges, wealth taxes and taxes on business expenses.

Second, the Socialists believe that new technology has changed many of the old market rules. This is an approach that looks beyond short-term, cyclical growth patterns and takes into account the development of international competitive pressures. French goods have become increasingly uncompetitive in the past ten years, it is argued. Hence the nationalisation programme, the big investment and research effort in the large companies; and hence, also, a programme of development for small companies.

These measures for the so-called PMIs—the Petites et Moyennes Industries—are also based on a clear set of theoretical principles. In France, the PMIs are a precisely defined set of companies employing between 10 and 499 workers. There are reckoned to be about 45,000 of these in industry (as opposed to commerce), accounting for 37 per cent of industrial production and 25 per cent of exports.

'Ministers claim that government views are getting across but scepticism reigns uncompromisingly in the Patronat'

The Government makes a clear distinction between two different types of company in this category. On the one hand are the sub-contractors, essentially suppliers of parts that bigger groups do not want to make. These enterprises, clustered in dependent state around the larger organisations, are enormously sensitive to their fortunes. On the other hand are the new technology companies, businesses that have generally been started since the war on the basis of one good idea, and which have a discrete market, quite often on a world scale.

The main thrust of the new measures for the PMIs is therefore designed to try to modernise the sub-contracting type of company, while giving a new *stimulus to the creation of innovative enterprises*. Among the various propositions are:

● A clear distinction of the role of the nationalised sector in supporting smaller companies. This is an aspect of the nationalisation project which has not received much attention as yet, but which is conceived as an important aspect of the programme's "locomotive" effect on the rest of industry.

The Government would like nationalised companies to draw up "contracts of stability" with their smaller satellites to give them greater security. Measures would include commitments on payment periods, to be held to between 60 and 90 days against 120 days often practised by the big companies with sufficient muscle; agreements not to edge out suppliers by setting up activities in-house that had previously been done outside; and attempts to split the economic impact of serious reductions in business between the larger and smaller companies.

● Big companies will also be encouraged to help their satellites with exports and research, making their own facilities available where necessary.

● There is to be increased aid for research workers attached to small companies, while credits for *ANVAR*, the state industrial innovation body, are to be doubled to FFr 720m. These extra funds are designed to bridge the financial gap between the design of a product and putting it into production.

● To help potential young entrepreneurs, the Government also wants to make it easier for middle managers to leave a company and then return if they fail. Under this scheme, jobs would be kept open for three years, with the Government footing the bill.

● An improved system of advisory committees for young entrepreneurs is to be encouraged. The aim is to make advice available from experienced managers and bankers, rather than bureaucrats.

● An experiment is to be launched to set up a high technology workshop that will make research and development material available to industrialists at a reduced price.

● A further effort will be made to reduce the time needed to set up a company in France, one of the most red-tape ridden countries in the western industrialised word. *According to* Industry Ministry figures, it takes seven months to set up a company in France, against 24 hours in the U.S.

● Financing is to be reformed, partly through the development of the nationalised banks, which are to be forced to get closer to industry, and partly through moves to set up new risk capital instruments.

● The PMIs are also intended to benefit from the range of sub*sidised credits made available* to French companies by the Government up to a ceiling of FFr 24bn this year. Funds vary from close to market rates of around 18 per cent at the moment, to a "super-subsidised" 13.5 per cent for FFr 11bn of credits which have to be spent in specific areas such as energy saving, robotisation, exports, and job creation.

● In addition, the system of subordinated loans ("prets participatifs"), a kind of quasi-equity on which interest payments are adjusted to profits, is being expanded from FFr 2bn to FFr 3bn. This is aimed at encouraging French small businessmen, traditionally suspicious of opening their capital to strangers, to move towards equity-type funding as a means of reducing the high level of debt financing.

It is not difficult to find critics of many of these ideas. Although officials claim that the Government's views are getting across when ministers meet small businessmen face to face, scepticism reigns uncompromisingly in the Patronat. Philippe Combin, director of financial affairs, openly doubts that many of the projects will get off the ground, while he argues that the different financial measures of the new Government have had an overall negative impact.

"With the Socialists you get a system which takes more from enterprises merely to redistribute it back again," he says. "And you often find that the new charges are higher than the new redistributions."

He goes on to make a fairly convincing case for the fact that *small companies* are now in a rather worse financial position than in the past. Increases in social security payments, local rates, the extra cost of the fifth week of annual holidays and the shorter working week have all chiselled away at margins.

The signs are that the Government has taken the point on these issues, and will now try to hold charges on industry at around the present rate of 43 per cent of GNP, reckoned to be the highest in the West.

But where it will not want to compromise *is over the question* of pushing and cajoling and pressurising industry to modernise.

On this point there is some common ground between the Government and the employers. Gattaz himself is a product *of the new wave* of innovative entrepreneurs that have emerged since the war. He set up his own company about 30 years ago, has established an international business in specialised micro-circuitry, and believes passionately in companies of a "human (i.e. smallish) scale."

Leading Ministers, like Jean-Pierre Chevenement, at Research, Michel Rocard at Planning, or Pierre Dreyfus and Jacques Delors at Industry and Economy, all share a similar enthusiasm for technology. *They* are also convinced, like Gattaz, that the jobs problem can only be defeated if new small companies are created.

But while general objectives for the small business sector may be shared, there still remains a big gulf on the means of achieving those ends. Gattaz continues to put the emphasis on markets and profits: "An enterprise is like a bicycle, it keeps in balance by moving forward," he said recently.

The Government has to remove fears that it is putting a brake on that movement if it is to win employers' confidence in the general refurbishment of French industry that it is advocating.

Yvon Gattaz, president of the Patronat, the French employers federation: "An enterprise is like a bicycle, it keeps in balance by moving forward"

FRANCE'S PETITES ET MOYENNES INDUSTRIES (PMI)

● have between 10 and 499 workers, and a turnover of less than FFr 100m ($16.7m).

● comprise 45,000 companies (19 per cent of *France's total*), and employ 2.6m workers (45 per cent of industrial employment)

● account for one in two exports: about 25 per cent of France's total exports, but only 1,000 realise more than 60 per cent of sales *overseas*

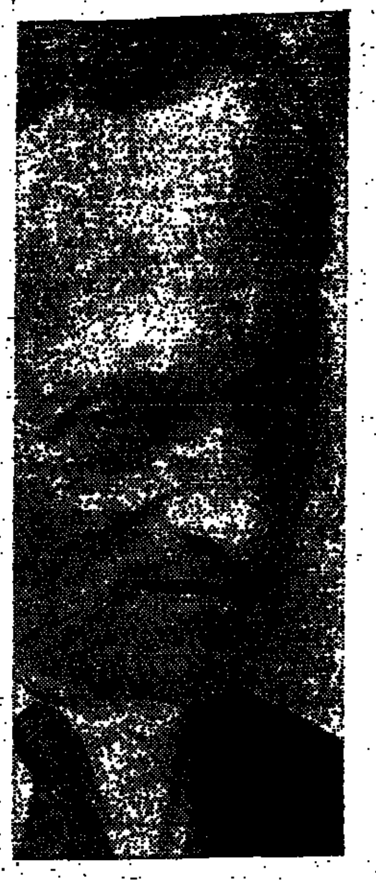
● are particularly strong in the consumer goods sector, building, and capital goods

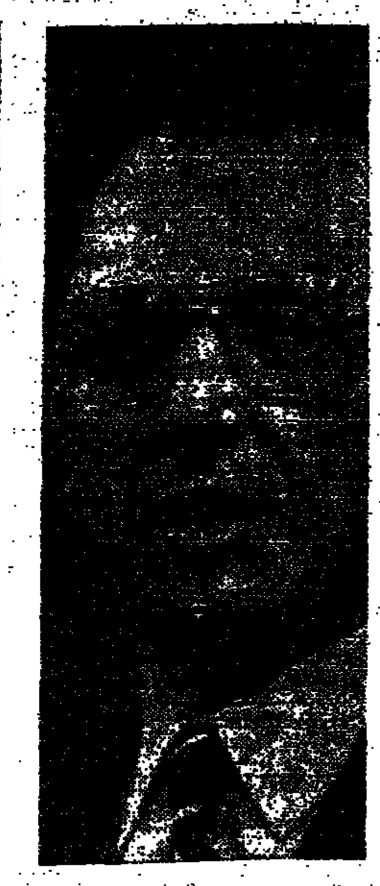
● account for 37 per cent of industrial production, and 25 per cent of industrial investments

● *between 1974 and 1977 they* created jobs (+1.9 per cent), while large companies reduced them (−4.8 per cent)

● between 1970 and 1976, the 200 companies with the strongest economic growth in France (a real rate of at least 15 per cent a year), were all PMIs

Source: Industry Ministry





Pierre Dreyfus (left) and Jacques Delors, Ministers of Industry and Economy respectively: convinced that France's jobs problem can only be defeated if new small companies are created

In brief . . .

WITH THE Chancellor due on his feet later today this may not seem the ideal time to draw attention to a book which boasts "details of the 1981 Finance Act." However, Tax Saving for the Family Business, written by Coopers and Lybrand tax *specialists* and available at £1.95, answers the questions most often asked by smaller businesses. Incorporation, stock relief, employee benefits, pensions and capital transfer tax planning are some of the subjects covered in the question-and-answer style. *There* are plans for it to be updated each year.

●

TWO COURSES for those thinking of setting up their own business are taking place this Saturday — and it's not too late to apply. One is at Darlington College of Tech*nology and details can be* obtained from Enterprise North, Mill Hill Lane, Durham (Tel: 0385 41919). The cost is £5.00 per person or £2.50 for students.

The other is at Hillingdon Civic Centre, London and is organised by the London *Enterprise Agency and* the GLC. Details from LEntA, 69 Cannon Street, London, EC4 (Tel: 01-236 2676). Tickets £15 (inc. VAT).

●

JUDGING by recent calls to the headquarters of the 50,000-strong National Federation of Self Employed and Small Businesses, many small firm proprietors seem to think that Section 29 of the 1981 Companies Act amounts to a "burglar's charter."

Husband and wife businesses have been particularly anxious that the requirement for companies to make freely available an address "at *which service of any document will be available*" means that they have to disclose details of where they live.

This is not the case. For the vast majority the business address will suffice or, where permission is given, the address of a solicitor or accountant. (Disclosure has to be made on stationery, on a notice in premises and on request to customers and suppliers.)

The new requirement replaces the old obligation to register with the Registry of Business Names. Set up in 1916 as an anti-espionage measure (aliens were suspected of setting up in business under innocuous sounding British names) the Registry was discontinued last month.

T. D.

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Confidential Legal Investigation Company in security and protection work as well as claims in legal and insurance matters, present turnover approximately £5,000 a month, available for purchase. Would be particularly suitable for existing business in the said carrying its own overheads and thus benefiting from the ability to expand its income with minimal costs. Present office in London suburbs. Offers invited at twice annual fees. Employees available by negotiation. Enquiries to: Baker & Waldren, 8, Broadway Way, Bromley, Kent, BR2 0UB.

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For further details:—
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TOUCHE ROSS AND CO.
Hill House, 1 Little New Street, London EC4A 3TR
Telephone 01-353 8011 Telex 261064

ENGINEERS' FASTENINGS & AEROSPACE COMPONENTS GROUP

Receivers offer for sale the assets of a large group of companies engaged in the distribution of engineers' fastenings. Assets include an aerospace component manufacturing division based at Basildon in Essex, and the stock, trade fixtures and fittings, storage and handling equipment together with the leasehold and freehold premises at 7 locations in England and Wales.

For further details contact the joint receivers:
MR N. R. LYLE, THORNTON BAKER
Chartered Accountants, Fairfax House, Fulwood Place
Holborn, London WC1V 6DW - Tel: 01-405 8422
MR A. N. D. BIRD, THORNTON BAKER
Chartered Accountants, Refuge Assurance House
Baldwin Street, Bristol BS1 1SQ - Tel: 0272 28901

SHEET METALWORK COMPANY

WELWYN GARDEN CITY, HERTS.

Receiver offers for sale assets and goodwill of well-established sub-contract sheet metalwork company. Assets comprise 4,468 sq ft leasehold factory unit fully equipped for cutting, forming, pressing and welding of components from steel sheet. Turnover approximately £140,000 per annum with potential for improvement.

Full information from the Receiver:
R. ST JOHN, J. BULLER
THORNTON BAKER
49 Mill Street, Bedford MK40 3LB
Tel: 1234 211521 - Telex: 826340 (TB BED-G)

GAMING MACHINE MANUFACTURERS

Receiver offers for sale the assets of a well known manufacturer of gaming machines.

Based in Stockport the company is a well established name in the industry, with a distribution network throughout the UK. Both stock and plant are being offered by the Receiver.

Full information from the Receiver:
A. GRIFFITHS, THORNTON BAKER
Chartered Accountants
Brazennose House, Brazennose Street
Manchester M2 5AX
Tel: 061-834 5414

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Experienced Developer of unique CNC Portal Bore Mill reaching end of testing seeks equity partner. Investments of £70,000 secures 49% of company. Present asset value about £165,000.

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Well established, with tremendous potential. Hardware, packaged and custom written software and engineering depts. Clients include multi-national companies, etc. Rapidly expanding, beyond the ability of the present owner, who may remain as a consultant and hand over control to a person who is capable of developing the business to possibly a national level. Present t/o approx. £500,000. Could be £1-2m within 1 year.

Write Box G7770, Financial Times
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Zimmer Screen Printer together with complete finishing line and all ancillary equipment
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Cable: Fairhaven, Bradford

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*Write Box G7778, Financial Times
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Write Box G.7774, Financial Times, 10, Cannon Street, EC4P 4BY.

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Current income approximately £78,000 nett. With tremendous potential for further increase. Offers in the region of £100,000 required for the business as a going concern.

01-493 5611

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Located SE London with some export. Suit practical engineer. Own product and sub contract work. Price approx. £20,000.

*Write Box G7772, Financial Times
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FOR SALE

WELL-KNOWN INTERNATIONAL NON-DESTRUCTIVE TESTING COMPANY

controlled by Managing Director wishes to sell the business and contacts. Home Counties based with international connections. Contact:
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Barber & Co., Chartered Accountants,
31 Church Street, Welwyn, Herts.
Tel: Welwyn (043871) 6077

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FOR SALE — Midlands based Pressworks Company. Turnover £2.75m. Write Box G.7749, Financial Times, 10, Cannon Street, EC4P 4BY.

SMALL CIVIL ENGINEERING Company. Direct & Sub-contract work in progress. Annual Turnover approx. £½ million. Write Box G.7776, Financial Times, 10, Cannon Street, EC4P 4BY.

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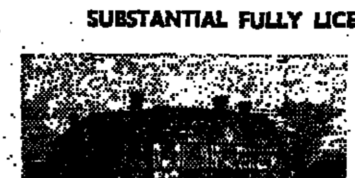

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Chartered Surveyors
18 Bloomsbury Square
London WC1A 2NS
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APPOINTMENTS

General manager of Lucas Aerospace

Dr Alan K. Watkins has been appointed to succeed Mr James Blyth as general manager of LUCAS AEROSPACE. Dr Watkins joined Lucas in 1982. He was general manager of the electrical division. Mr Blyth was seconded last year to the Ministry of Defence as head of defence sales.

★

Mr James Mattinson has been appointed managing director of the Burley Metalcraft division of CUSTOM STEEL.

★

CAPITAL AND COUNTIES has appointed Mr D. Gordon and Mr M. Rapp as directors. Mr E. Pavitt has resigned from the board. Mr Gordon is chairman of Liberty Life Association of Africa and Mr Rapp is a director of that company and managing director of Rapp and Maister Real Estate Company.

★

The ROYAL WARRANT HOLDERS ASSOCIATION has elected as president: Mr Peter Smith, chairman of Securicor Group; vice-president: Mr Victor Watson, chairman of John Waddington; and hon treasurer: Mr Edward Rayne, chairman and managing director of H. and M. Rayne.

★

GLASGOW SALVAGE CORPS has appointed Mr G. R. M. Godfrey (Pearl Assurance) chairman for a second term of office and Mr A. F. Hardy (Phoenix Assurance) as deputy chairman.

★

HALLITE SEALS has appointed Mr Jon L. Helfet as technical director; Mr Victor L. Clark as production director; and Mr Nicholson J. Hall as financial director.

★

Mr Lyndon Bolton has been appointed a director of the GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORP. He is at present a director and joint manager of the Alliance Trust and the Second Alliance Trust of Dundee. He is also chairman of the Tayside and Central Scotland Trustee Savings Bank, a member of the Trustee Savings Bank group board and a director of United Dominions Trust (Holdings).

★

The managing director of Moccomat UK, Mr Robert de la Bije, has been appointed vice-president and a member of the management team of MOCCOMAT INTERNATIONAL. He will continue to be responsible for Moccomat UK, but as chief executive.

★

Mr Les Masters, previously sales manager for INTERCOBRA, has been promoted to the board as sales director.

Mr A. W. "Ron" Cook has been appointed chairman of WESTERHAM PRESS. For the past year he has been a non-executive director of the company.

★

Mr Rick Cressman has been appointed managing director of PLUMB CONTRACTS.

★

GOLLEY SLATER ROE has appointed Mr Ric Matthews as creative director.

★

Mr David P. J. Basham and Mr Rhoderick Martin Swire have been appointed directors of GT MANAGEMENT (UK).

★

Mr Gerald K. Raquet has been made assistant to the managing director for exploration and producing of TEXACO. Mr Raquet was appointed general manager, exploration and producing for Texaco Europe at Harrison.

★

Lord Netherthorpe, a non-executive director of BABCOCK INTERNATIONAL, has resigned from the board.

★

THORN EMI DIECASTINGS, formerly Northern Diecasting, has appointed Mr R. B. M. Bisset managing director. He succeeds Mr R. Arden who has retired. Thorn EMI Diecastings is part of the general engineering division—one of the four business operations forming the engineering group of Thorn EMI.

★

Mr Charles Sinclair, deputy chairman of WILLIAM SINCLAIR HOLDINGS, has resigned from the board.

★

Mr Graham Price has been appointed a director of THOS. W. WARD (RAW MATERIALS), Sheffield, a member company of Rio Tinto-Zinc Corporation. He was area manager—north west.

★

Mr Ian Wilson, former marketing director of Standard Motorists Centres, has become managing director of newly-formed MOBILITY INTERNATIONAL, a Gowring Group company.

★

Mr R. M. L. Webb has retired from the board of TOOTAL due to pressure of his other commitments, in particular as a director of Morgan Grenfell and Co., which continues as Tootal's merchant banking adviser.

★

Mr John G. M. Hart has joined the board of DANIEL C. GRIFFITH AND CO. as a non-executive director.

★

Mr A. F. Burdett, a general manager, will retire at the annual meeting on April 19 of COMMERCIAL UNION ASSURANCE.

COMPANY NOTICES

TOKYO TRUST S.A.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Cassier, Laillé & Cie, 13 rue Pierre-Fatio, Geneva, Switzerland, on 5th April, 1982, at 11.30 hours for the following purposes:

1. To receive the report of the Directors and the Audited Accounts for the year ended 31st December 1981, and to declare a dividend.
2. To confirm the appointment of Mr. John Reevs, Mr Bernard Guinard and Mr. Herbert Grosserin, as Directors of the Company, and to fix their remuneration.
3. To authorise the Directors to fix the remuneration of the auditors.
4. To transact any other ordinary business of the Company.

By order of the Board
BANQUE DE PARIS ET DES PAYS BAS S.A.
Secretaries.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member.
2. The quorum for the meeting is two shareholders present in person or by proxy.
3. Each of the resolutions set out above may be passed by a simple majority of the votes cast thereon at the meeting.

Copies of the 1981 Report and Accounts are available from the Administrative branch office of Tokyo Trust at 19, Avenue D'Ostende, Monte-Carlo, Monaco.

KOMATSU FORKLIFT CO., LTD. (CDRs)

The Board of Directors of Komatsu Forklift Co., Ltd. has announced that shareholders, who will be registered in the books of the Company on March 31st, 1982, will be entitled to receive a 10% gratis distribution of new shares. Consequently holders of CDRs will also be entitled. The undersigned designated dir. co. No. 14 of the CDRs for this occasion. In Japan the shares are traded ex-bonus as from 27th March 1982.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
2nd March, 1982.

TOKYO SANYO ELECTRIC CO. LTD. (CDRs)

[illegible]

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
2nd March 1982.

N.V. ENGLISCH-HOLLANDSCHE BELEGGINGS TRUST

(English and Dutch Investment Trust) established in Amsterdam

NOTICE IS HEREBY GIVEN that an Ordinary General Meeting of Shareholders will be held at the offices of the Company, Herengracht 144, Amsterdam, on Tuesday 23rd March, 1982 at 14.30 hours.

[illegible]

By Order of the Board.
HOLLANDSE KOOPMANSBANK N.V.
Management

Amsterdam,
9th, March, 1982.

FINANCIAL TIMES

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Rome: Editorial Via della Mercede 55. Telex: 610032. Tel: 678 3314.

Stockholm: Editorial Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.

Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: 127104. Tel: 295 4050.

Washington: Editorial 914 National Press Building, Washington D.C. 20045. Telex: 440340. Tel: (202) 347 8676.

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

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A Group of professional managers/investors based in Geneva, Switzerland, has purchased over the years a number of subsidiaries of large companies which no longer fit into their corporate strategy or where political or social issues have become a burden.
This Group would be interested to hear of any potential acquisitions.

Please reply in confidence to:
Mr C. G. Sneath
Peat, Marwick, Mitchell & Co.
1 Puddle Dock
London EC4V 3PD

Peat, Marwick, Mitchell & Co.

PUBLIC COMPANY

WITH CASH AVAILABLE

wishes to purchase outright companies which are profitable or have a strong asset base. If dynamic present management retained. Funds for expansion. Principals only.

*Reply to Finance Director, Box G7767, Financial Times
10, Cannon Street, EC4P 4BY*

AQUISITION SOUGHT

UK based group wishes to acquire all or majority holding of manufacturing and/or distribution company with established product range. Outlets ideally should include hardware, chemist and multiples. Export potential desirable. Turnover £500,000 to £2,500,000.

*Principals only please write to Box G7769
Financial Times, 10 Cannon Street, EC4P 4BY*

Acquisition sought

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UK printing group wishes to diversify activities by acquiring small/medium companies operating in specialised activities, i.e. lotteries, paper conversion, advertising etc.

Reply in confidence to:
Box FT/731, St James's House
4/7 Red Lion Court
Fleet Street, London EC4A 3EB

PUMP MANUFACTURERS WANTED

Pump manufacturers — Manchester-based holding company with potential wide marketing and exporting base are interested in acquiring similar pump manufacturing company preferably established in the North-West. We are seeking to enlarge our asset base and are interested in all types of pumps and management.

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*Write, principals only, in strict confidence to:
Box G7781 Financial Times, 10 Cannon Street, EC4P 4BY*

WANTED

We seek to acquire CONTRACT HIRE COMPANIES currently operating car and van fleets in excess of 100 units

Please write in the strictest confidence to:
The Managing Director
COWIE CONTRACT HIRE LTD
Hylton Road, Sunderland
Tel: 0783 44122

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*Write Box G7766, Financial Times
10 Cannon Street, EC4P 4BY*

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*For further information write to:
Box G7760, Financial Times
10 Cannon Street, EC4P 4BY*

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10 Cannon Street, EC4P 4BY*

WANTED

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*Write Box G7777, Financial Times
10 Cannon Street, EC4P 4BY*

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*Write Box G7771, Financial Times
10 Cannon Street, EC4P 4BY*

CONSTRUCTION COMPANY wanted to purchase. Turnover £1m+. Write Country Turnover ... Write Box ... Financial Times, 10 Cannon Street, EC4P 4BY.

MARINE ORIENTATED business required for company connected with boats, boat building or coastal trade. Private buyer. Tel: 033273 432.

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Financial Times
10, Cannon Street
EC4P 4BY*

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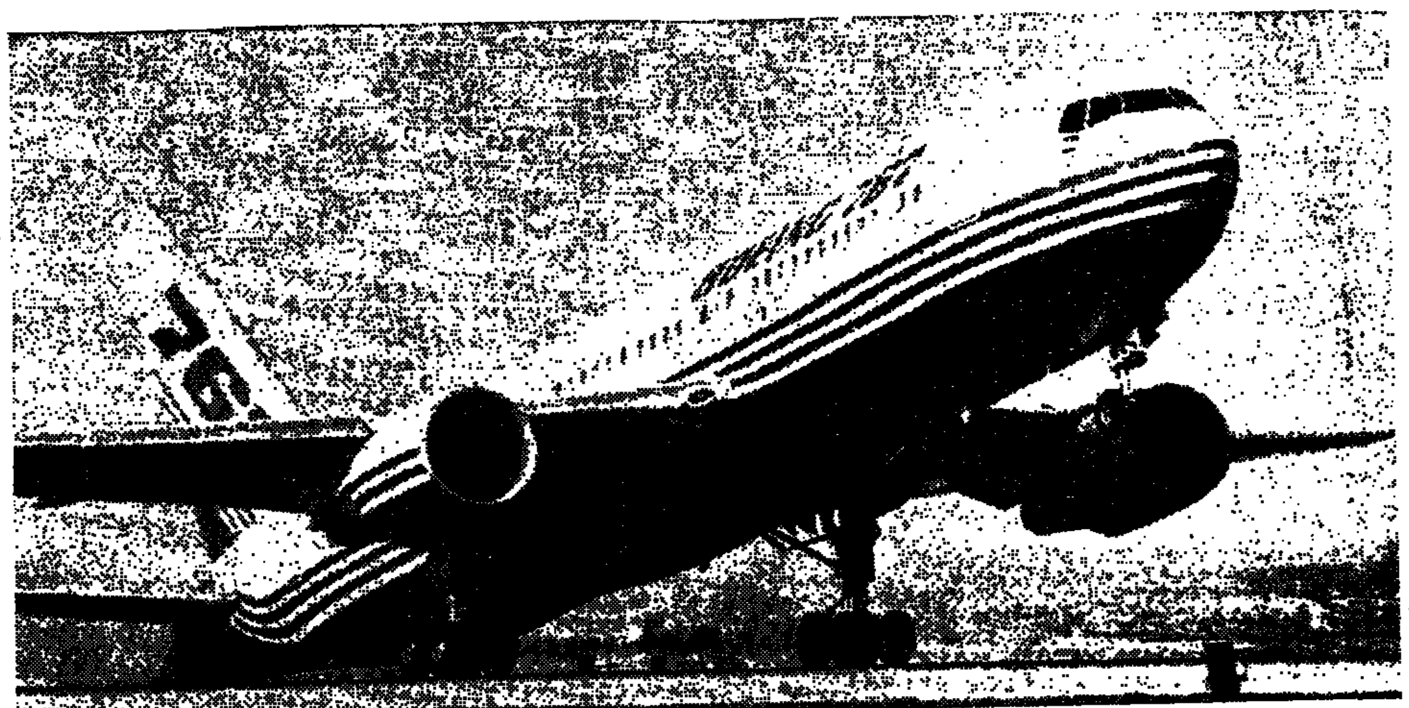
FINANCIAL TIMES SURVEY

Tuesday, March 9 1982

New Airliners

Bright future in longer term

BY MICHAEL DONNE



At a time of recession among the world's airlines, the major aircraft manufacturers are spending several billion dollars in preparing for an anticipated demand for about 6,000 new jet and turbo-prop aircraft up to 1992, worth more than $160bn

ALTHOUGH THE current economic recession has depressed world air travel and substantially eroded airlines' finances, thus reducing in turn the inflow of new orders for airliners, the longer-term future remains bright.

Last year, the world's major civil airliner manufacturers (Airbus Industrie, Boeing, British Aerospace, Fokker of Holland, Lockheed and McDonnell Douglas) collectively logged orders and options for 350 new jet airliners, worth about $12bn (£6.45bn). This was well down on the 522 new jets, worth about $13bn, ordered in 1980, which in turn was well below the 751 new aircraft, worth about $20bn, logged in 1979.

This progressive decline in orders over the past two years reflects the decline in airline earnings, especially in the U.S. and Western Europe, as a result of the recession. And continually rising costs, with fuel alone having soared in recent years. Some hopes of stabilisation only now emerging.

Significant

Air travel on the scheduled airlines last year, as measured by the International Civil Aviation Organisation, declined for the second year in succession, by about 2.5 per cent, to 728m passengers (it was at its post-war peak of 754m passengers in 1979), and few observers believe there will be any early significant improvement.

At best, there may be some signs of an upturn in world air travel — again reflecting improving world economic conditions—by the end of this year, perhaps strengthening in 1983. But most airlines do not expect to see a significant return to profits until 1984, and not until then is there expected to be any substantial rise in the volume of new equipment orders, although inevitably some orders are bound to be placed in the meantime if only to replace ageing fleets.

The airlines' difficulties and their effects on the manufacturers have been highlighted in recent weeks by the decision of American Airlines to cancel an order for 15 of the new Boeing 757s and the option for a similar number, because of "inadequate profits" and the discouraging outlook in the U.S. airline industry.

Why, then, are the world's major aircraft builders so confident of a brighter long-term outlook that they are currently spending several billion dollars (and contemplating spending several billion more) to develop a wide range of new airliners?

There are several reasons for their confidence. Most of them believe that the current recession will not last for ever, and that by the mid-1980s it will either have faded or be on the way out, and that air travel will again be moving upwards strongly. This, in turn, will generate a demand for new equipment to cope with the growth in traffic variously estimated at between 5 and 7 per cent a year.

Most aviation organisations, including the International Air Transport Association (representing over 100 of the world's major scheduled airlines), as well as the aircraft manufacturers, believe that in the long term, air passenger travel worldwide will expand through the 1980s and beyond. Their forecasts vary between 5 per cent growth annually up to 1990 (the IATA) and as high as 8.2 per cent a year (Boeing), with the average being about 5 to 6 per cent.

Even at that level, the 1981 total of 728m passengers on worldwide scheduled services will have nearly doubled to more than 1,200m by the early 1990s, creating a substantial demand for new aircraft. This figure excludes the growth in non-scheduled services, including charters, which are not measured in the same way as scheduled operations, but are known to be substantial, and are likely to expand as fast as the scheduled services.

Second, by the mid-1980s, a very large proportion of the world's total jet airliner fleet will be ageing rapidly and require replacement. Boeing, the world's biggest jet airliner manufacturer, estimates that out of the world's total jet fleet in service at the end of 1981 of about 6,000 aircraft, about 500 were between 17 and 22 years old, at least another 1,600 were between 13 and 16 years old, and another 1,200 were between nine and 12 years old.

At the same time, many of those aircraft increasingly will be uneconomic to fly.

Although crude oil prices are now falling, it will take some time before these can be reflected in airlines' costs, and even so high fuel bills will remain a major problem for the future. Fuel, which accounted for only 15 per cent of the major airlines' operating costs in 1970 (and even less than that when many of the current jet airliners now in service were first introduced in the early to mid-1960s) now accounts for 27 per cent of those costs on average, and is expected to account for about 35 per cent by 1990.

Yet another factor is the increasingly stringent noise regulations imposed by governments on airliners at many major airports. New and even tougher noise regulations are due to become effective in many countries, especially the U.S. and Western Europe, in the mid-1980s, which will make the older generation of jet airliners even less attractive to operate.

The cumulative effect of all these factors—increasing age, rising operating costs, and more stringent noise regulations, coupled with an improvement in overall economic conditions—is likely to be an improving demand for jet airliners from about the mid-1980s onwards.

Boeing, whose position as the world's biggest jet builder makes its forecasts particularly significant to the airline industry, estimates that between now and 1992, the volume of available seat-miles provided by the world's airlines will rise from 1,200bn to 1,900bn. This, in Boeing's view, will generate a market worth about $126bn (about £68bn) for new jet airliners of all kinds throughout the Western world (its forecasts do not include the Soviet Union, which meets its own requirements, but do include some element of procurement from the West by China).

Boeing suggests that of this $126bn, about $79bn (£42.7bn) will be for aircraft to meet traffic growth, the other $47bn (£25.3bn) being for aircraft to cover the replacement of existing ageing fleets.

If in addition account is taken of the $25.4bn (£13.72bn) of orders for over 1,000 new jets held by the manufacturers at the end of 1981, for delivery over the next few years (including 567 jets by Boeing alone), the estimated cumulative total of jet airliner sales through to 1992 is $151.4bn (in constant 1982 dollars), or more than £81bn.

This will be spent on about 5,000 "first-line" jet airliners in all, including about 4,000 aircraft yet to be ordered and the 1,000 orders still outstanding, mostly for the scheduled services of the major international and domestic airlines.

In addition, however, there is likely to be another big market among the smaller "regional" and "commuter" airlines, whose development in recent years has been rapid. This area of world air transport development has been less affected by the recession, and is expected to grow strongly in the mid-to-late 1980s, generating its own demand.

This will be for smaller types of airliners (that is, seating 100 passengers a time and below) not accounted for in the Boeing forecasts.

Estimates of this market are difficult to get, but the score or so manufacturers involved

CONTINUED ON NEXT PAGE

CONTENTS

This survey is written mainly by Michael Donne, Aerospace Correspondent

● *The new Boeing 767 undergoing steep take-off trials as part of the flight-test programme. The aircraft is now well into the programme, which is aimed at the award of an airworthiness certificate in late summer. Deliveries to airlines, including United Airlines, American Airlines and Delta, are due to begin by early autumn.*

Bright future in longer term

CONTINUED FROM PREVIOUS PAGE

(including de Havilland Canada, Embraer of Brazil, Saab of Sweden, Fairchild of the U.S., Aerospatiale of France, Aeritalia of Italy, and British Aerospace and Short Brothers of the UK) generally believe that it could amount to as many as 1,000 aircraft through the next decade (mostly turbo-propeller types rather than jets) worth about $5bn to $10bn including spares, and possibly considerably more.

Rapid

These aircraft not only will be required to meet the growing demand for "feeder-liner" services in the major industrial areas of the world, but also to link communities in the Third World, where air transport is still comparatively in its early stages of development and where growth in the years ahead is likely to be even more rapid than in the more highly-developed areas.

In total, therefore, it seems likely that through the next decade, a world-wide market worth more than $160bn (over £86bn) for more than 6,000 new aircraft (about 5,000 jets and 1,000 turbo-props) will emerge. Business and executive aircraft, for which there is also likely to be a big market, are outside the scope of this survey. Of the $160bn, about one-third will be spent on airframes, about one-third on engines, and one-third on equipment of all kinds.

The range of new airliner designs now either already under development or under consideration is very wide. Every major jet airliner manufacturer is busy preparing for the future.

Airbus Industrie has rolled out its new 200-seat version of the A-300 Airbus, the twin-engined A-310, and is working on the design of a smaller 150-seater, the A-320.

Boeing has already flown its new twin-engined short-to-medium range rival to the A-300, the 767, as well as its rival to the A-310, the 757. Boeing is also developing a new version of its highly successful small twin-engined 737, the Series 300, and has plans for a number of derivatives of these, as well as for its big, long-range 747 Jumbo. Boeing is also contemplating a new 150-seater, under the overall designation "7 Dash 7."

British Aerospace is involved across a wide spectrum of designs, from its 20 per cent stake in Airbus Industrie's A-300 and A-310 Airbuses, and a possible stake in the new A-320, through its BAe 146 four-engined regional airliner, to its smaller Jetstream 31 and BAe 748 commuter airliners.

Lockheed has announced that it is pulling out of the TriStar tri-jet market by 1984, so that while the TriStar itself will be flying for many years to come, that company's involvement in commercial airliner manufacture will now diminish rapidly.

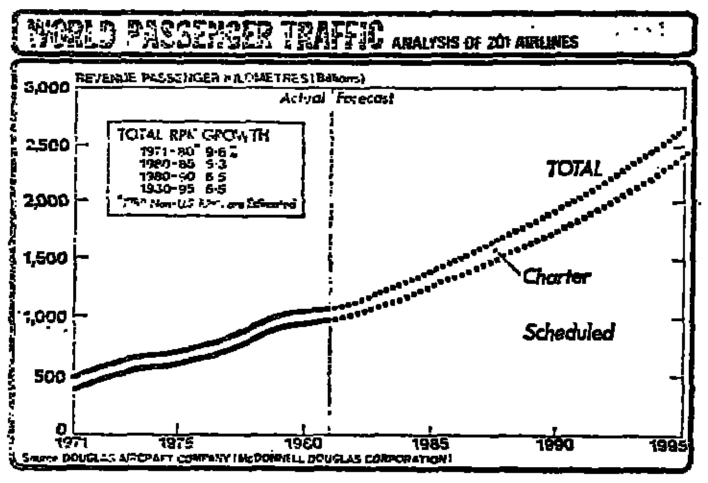
McDonnell Douglas is heavily engaged both on its short-to-medium range DC-9 Series 80 twin-engined jet airliner, and the bigger tri-jet DC-10, for which a number of derivatives are planned.

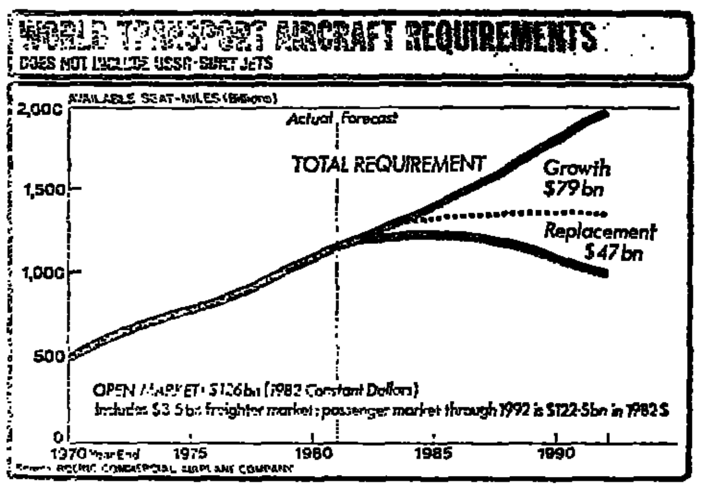
Fokker of Holland has been highly successful with its F-27 turbo-prop transport and its F-28 Fellowship jet airliner (both of which are still in production).

Although McDonnell Douglas and Fokker have dissolved their partnership on a projected 150-seater airliner, each is to continue its studies independently.

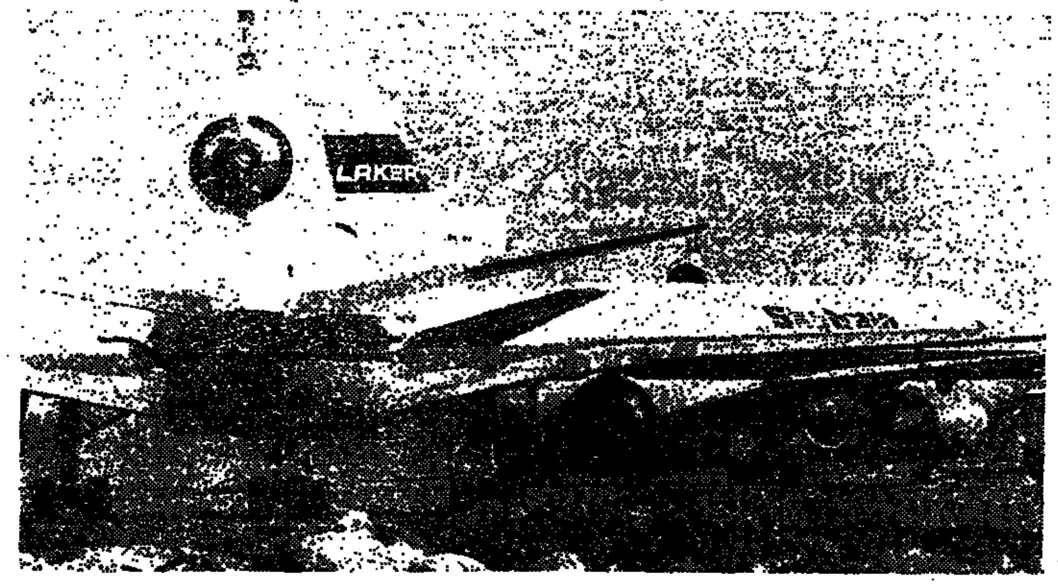
The sales battles among these manufacturers for shares in the big markets that lie ahead are likely to be fierce. This will be especially the case between Airbus Industrie, the European consortium building the A-300 and A-310 Airbuses, and Boeing, whose 767 and 757 are direct competitors with those aircraft.

Much of the future remains cloudy because of the current recession, but there appears to be little doubt among the world's aircraft manufacturers that air travel, although depressed, cannot be kept down for ever. It is this longer-term confidence that is encouraging them to invest so heavily in new programmes.





Greater caution over financing



Grounded Laker DC-10s: it will be a long time before the dream that crashed is forgotten

"YOU CAN SAY that with hindsight we shouldn't have touched it." The banker who uttered these words is a member of the 13-bank syndicate led by Midland Bank which provided Laker Airways with $131m of 10-year finance to help purchase three A-300 Airbuses.

The Laker Airbus loan proved to be a banker's nightmare when the airline collapsed early last month. But the Laker disaster has not deterred international bankers from forging ahead with new jumbo packages for the world's state-owned and independent airlines.

Bank of America and National Westminster Bank are even now at work on a $165m 10-year loan for British Caledonian, the major surviving UK independent long-haul carrier. The object of the exercise is the purchase of three A-310 Airbuses and the loan package probably will contain some similarities to Laker's deal.

The UK Government is expected to provide interest rate support and the manufacturer—Toulouse-based Airbus Industrie—is said to be offering "first-loss guarantees," a proportion of the potential losses, to shelter banks from some of the risks of aircraft financing.

Aircraft financing can be a risky business, but more often than not it is so heavily underwritten by governments and others that it becomes an exercise in collective financial responsibility.

The cash required to fund the purchase of new aircraft over the next ten years — an estimated $160bn — will have to be generated from the airlines' internal resources, from government guarantees and grants and from borrowings on the international capital markets. While aircraft financing remains attractive business for many bankers, the current problems faced by the airline industry are inducing a new sense of caution.

To fund the growth of the world's airlines over the next decade will be a tall order, but a number of bankers are optimistic nonetheless that the order will be filled.

Mr Bob Wyatt, Midland Bank's assistant general manager for aerospace finance (and the man who helped engineer the Laker Airbus deal), reckons that between 55 and 60 per cent of new aircraft equipment will be bought by non-North American airlines over the next decade.

He sees close to two-thirds of the financing being done through export credits and much of the remainder through Eurodollar loan top-ups.

The export credits are a function of the heavy involvement of governments in airlines around the world. Airlines are a major symbol of national prestige, a vital element of any developing country's national persona, like a steel industry or a seat at the United Nations.

Nor is it just in developing countries that airlines are heavily subsidised. A number of Europe's state airlines provide examples of how large amounts of government money can be put for prestige purposes into organisations which are making losses.

These include Britain's state airline, BA, and the national airlines of Belgium and Italy.

And yet, says Wyatt, the money will probably be there. "My experience of aircraft finance over the last three years is that airlines can get a more competitive deal than sovereign borrowers themselves," he comments.

Not only do aircraft deals create prestige for governments and bankers, but there are also a number of traditional relationships between banks and aircraft manufacturers. Boeing, Lockheed, McDonnell Douglas and Airbus Industrie all have their particular links with banks, assisting in the selling of equipment and its financing.

Airbus Industrie, the European consortium in which British Aerospace has a 20 per cent stake, has designated certain banks as country agents. In the UK it is Midland Bank, which formed its aircraft finance department only three years ago. In West Germany it is Dresdner Bank and in France it is Credit Lyonnais.

How might a typical aircraft financing deal be broken down?

Singapore Airlines, for example, has just ordered a number of Boeing 747s and Airbuses in a package which will cost $1.6bn. Delivery is scheduled for the 1983-85 period on most of the aircraft.

Of the $1.6bn, $750m is expected to come from the airline itself and a further $850m in loans. Of the loans, more than $500m will be in the form of export credits while the remainder will have to come from international bank syndicates.

A key problem in aircraft finance, however, is the maturity of the loans. In the Euromarkets, a major source of finance, it is uncommon to see credits of more than 10 years' maturity. There are many in the banking community who feel a more realistic period for aircraft finance would be 15 years.

The average life of many aircraft is between 10 and 20 years. Aircraft are major capital equipment and some bankers conclude that airlines will find it difficult to pay back a huge aircraft debt in just 10 years.

In the North American market a large part of aircraft financing is done through equipment trust financing. This is a type of mortgage in which a specially established trust owns the equipment initially and writes down the loan over time.

Other more orthodox forms of leasing are also widely used as are U.S. bank financing. For small operations there are even special leases such as the "German dentist lease" where by a group of small investors combine to purchase and lease an aircraft as a tax write-off.

One of the less orthodox devices used by banks recently has been the "double-dip" lease. The way "double-dip" financing works is that a UK bank purchases an aircraft and then leases it to a U.S. airline. The airline pays for the lease, but under certain tax codes it also takes full capital allowances as "owner" of the aircraft. Meanwhile, in the UK, the owner-bank also takes full capital allowance.

It is not known how many aircraft deals have been done in the past year under this method, but the total volume is probably below $1bn. Double-dipping has not been restricted to the airline business, but it has assumed a particularly innovative form among aircraft bankers.

Innovation in banking can be a profitable tool: in the international capital markets new devices are being conceived constantly to attract investors and ensure successful borrowings.

But some of the best banking brains in Europe found that no degree of innovation would help them to put back together the Humpty Dumpty ruins of Laker Airways when it came crashing off the wall.

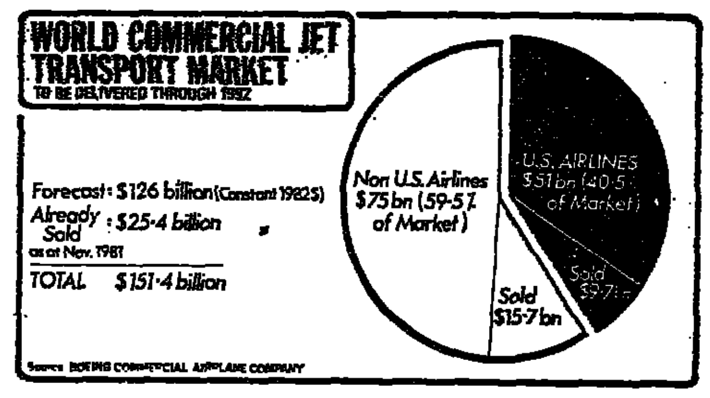
At its demise Laker had $421m of long-term dollar debt plus a £9m overdraft from the Midland Bank's wholly-owned subsidiary, the Clydesdale Bank. Its bank creditors included a consortium led by Export-Import Bank of Washington, the Midland-led syndicate and a Mitsui-led Japanese syndicate.

Its ratio of borrowings to equity base stood at seven to one six months before the crash. At the end its liabilities outstripped assets by more than £30m.

Laker Airways was built on a dream, but the dream was destroyed with such anguish that it will be a long time before it is forgotten. Nonetheless, the sight of British Caledonian picking up the Laker pieces and expanding its own business in the wake of the collapse has encouraged aircraft finance bankers.

It will be interesting to see how many bankers and airlines have digested the cautionary tale of Laker Airways as they carry out their expansion plans over the next decade.

Alan Friedman



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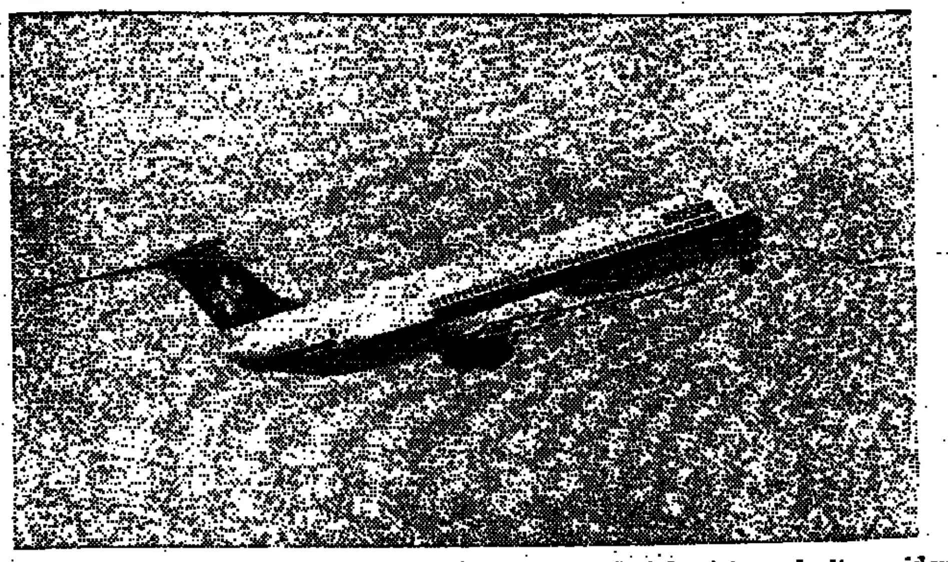
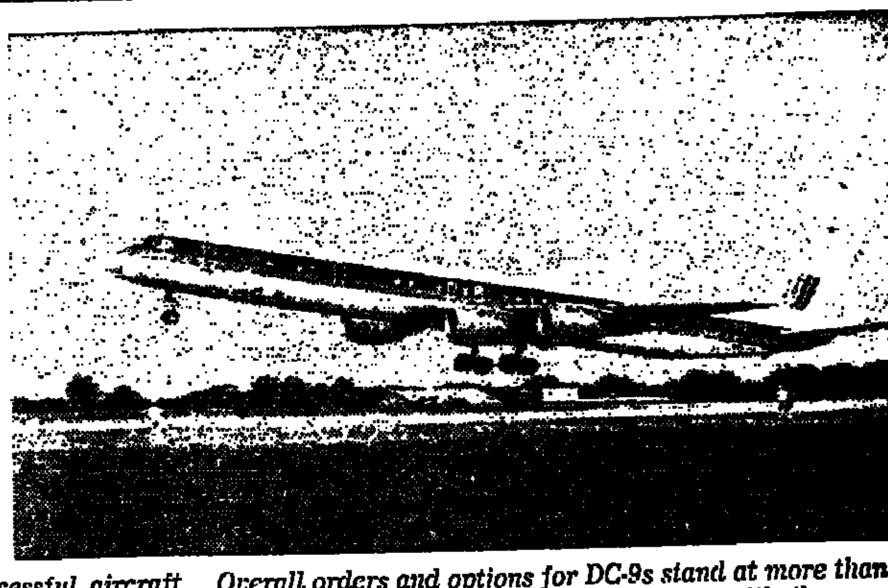
NEW AIRLINERS III





The 1,000th Douglas DC-9 twin-engine airliner (above) made its maiden flight recently—a Super 80 model, it is the latest version of this highly-successful aircraft. Overall orders and options for DC-9s stand at more than 1,100. Centre: The first Boeing 757 made its maiden flight last month. Six airlines have given orders for a total of 121 aircraft. The McDonnell Douglas DC-8 Series 71 (right) is a re-engined model, fitted with the new Franco-U.S. CFM-56 fuel-efficient power plants to extend the life of this successful aircraft

U.S. makers stay dominant despite Lockheed pull-out

THE WORLD airliner manufacturing scene continues to be dominated by the U.S. But the pattern of development through the post-war period, in which three names—Boeing, Lockheed and McDonnell Douglas—have been pre-eminent, is now changing.

Boeing remains paramount, with over 4,670 jets delivered and a backlog of another 582 and production running at 24 jets a month. McDonnell Douglas is in second place with its DC-9 short-to-medium range and DC-10 medium-to-long range jet programmes.

But Lockheed, having consistently incurred heavy losses on its TriStar medium-to-long range jet venture, has decided to pull out of commercial jet airliner production after 1984, when the current backlog of TriStar orders is completed.

Lockheed's withdrawal will not make things any easier for the European competitor, Airbus Industrie, however, for both the other U.S. manufacturers are already moving to fill the gap that Lockheed will leave.

Boeing's range of aircraft is now so wide that it retains a commanding lead in world markets despite the inroads made on it in the short-to-medium range fields by Airbus Industrie. To date Boeing has no fewer than five separate jetliner programmes. They include the 130-seat twin-engined short-range 737 jet; the 140-seat 727 short-to-medium range twin-engined jet (production of which is now running down); the new 186-220-seat 757 short-to-medium range twin-engined jet; the bigger twin-engined 220-240-seat 767, also for short-to-medium ranges; and the big, long-range four-engined 747 Jumbo jet.

In addition, Boeing has studies under way for a large number of derivatives of all these programmes. Its great fund of jet airliner design, development and production knowledge is now so large that it could produce a new design (such as a 150-seater) within months and could build it in three years if necessary. It does not want to do so, however, because it is financially stretched (the new 737-300, the 757 and 767 are collectively costing more than $2.5bn) and it is not encouraging talk of another new venture just yet. But if forced to compete in any new field, it will do so.

Rival

The 757 and 767 are entirely new jet airliners, intended to meet the growing demand for short-to-medium range aircraft of improved fuel efficiency over the next 20 years, replacing many of the existing generation of aircraft, including One-Elevens, Tridents, Caravelles and even some of the earliest Boeing 737s and 727s still in service. The 767 is a rival for the Airbus Industrie A-300, while the 757 is the direct competitor to the Airbus A-310. Boeing's own sales forecasts indicate a market up to 1992 for at least 1,100 in the broad 767/A-300 category, with a market for another 1,350 aircraft in the broad 757/A-310 category. It believes that it can win up to 55 per cent of these markets through the next decade.

To have developed two new airliners over the past three years, with its own money, is a remarkable achievement even for Boeing. The 767 is now well into its test-flight programme and is due for delivery to the airlines later this summer. To date, orders stand at 173 aircraft firm, from 17 airlines, with options on another 138.

The smaller 757 made its successful maiden flight on February 19. The order book stands at 121 aircraft firm from six airlines, with another 56 on option. First deliveries are due to Eastern Airlines of the U.S. (which has ordered 27 with 24 options) in December and to British Airways (which has ordered 19 with 18 on option) next January.

With the 757 Boeing believes it could develop a shortened fuselage model, the 757-50, as a possible contender in the future 150-seater airliner competition. With the 767 the developments could include a stretched fuselage model to carry more passengers; a long-range model capable of close to 5,000 miles range against the present 767's 3,000-plus miles; a "combi" passenger and freight version; and an all-cargo model. Boeing stresses that these are only studies and that it will not undertake any such developments until airlines place firm commitments.

In the smaller 737 market, where the existing 737-200 is already the world's best-selling jet, with 990 ordered so far and production at the rate of 10 aircraft a month, Boeing is already looking ahead with the improved 737-300. This aircraft will have a new engine, the Franco-U.S. (Snecma-General Electric) CFM-56-3 of 20,000 lb thrust, which it is claimed will use 20 per cent less fuel than the engines in the existing 737-200, coupled with aerodynamic refinements and weight reductions from the use of new materials.

Strengthened

The 737-300 includes an 8ft 8in fuselage stretch to enable it to seat 22 more passengers, at around 140, while the wing has been lengthened and strengthened. The aim has been to give the 737-300 a 20-year life, during which time it will make about 75,000 landings. Although it will have the same range as the existing 737-200, it will use much less fuel, make less noise and carry more passengers. It is expected to be built alongside the existing 737-200, which will continue in production for some time to come. The roll-out is expected in March, 1984, the first flight in April and delivery in November of that year.

With over 1,800 of the bigger 727 three-engined medium-range jets in service, Boeing has been looking at ways of improving that aircraft also. One possibility is to re-engine the 727, installing two new-technology power-plants at the rear of the fuselage against the existing three, to give an improvement in fuel consumption of up to 26 per cent over the existing 727-200s now in service.

Boeing has discussed this programme with a number of airlines, but no decision to go ahead is expected until later this year.

Some of the most dramatic improvements to any existing airliner programme, however, are involved in the 747 Jumbo jet.

Without changing the wing or lengthening the fuselage, the famous "upper deck" of this largest of all commercial airliners has already been extended by 23 ft to the rear to accommodate up to 44 more passengers, giving the aircraft about 500 passengers a time. This gives airlines an improvement of up to 5 per cent in the amount of fuel burned per seat.

Beyond that Boeing has many ideas for the 747. These include putting on a new wing and stretching the fuselage, to give capacity for between 550 and 700 passengers, as well as perhaps stretching the upper deck all the way to the tail, to give capacity for up to 800 passengers. These will be expensive developments, however, and Boeing says it will not undertake any of them until it has firm airline commitments.

Like Boeing, McDonnell Douglas believes that the present recession will be followed by a resurgence of a traffic and equipment orders. When such a turn-round occurs the current McDonnell Douglas project range of short-to-medium range DC-9 jets and medium-to-long range DC-10 wide-bodied airliners, together with the derivatives of both now under study, "should capture a significant share of revived and growing markets," says the company.

Earlier fears that the DC-10 line might have to be closed because of the current recession in air travel appear to have been staved off as a result of the U.S. Air Force's decision to order another 44 KC-10s—the military tanker/transport version of the DC-10—subject to Congressional approval. This decision will enable McDonnell Douglas to keep the basic DC-10 production line open through the next two to three years, and enable it to continue work on derivatives of that aircraft to capture new markets in the mid to late 1980s.

On the DC-9 programme, total orders (including conditional orders and options) stood at 1,115 aircraft at the end of 1981, of which 1,033 had been delivered.

Freighter

McDonnell Douglas has plans for derivatives which could widen the spectrum of uses for both types of aircraft. These include the long-range "Super DC-10," with passenger capacity varying between 250 and 330, but averaging about 297.

Several different versions of the new "Super 10" are envisaged, including a freighter model; a stretched version to accommodate 342 passengers; another variant for use from high-altitude airports using more powerful engines; and a shortened fuselage version for fewer passengers but with longer-range capability.

Besides the "Super 10" McDonnell Douglas is also studying possible derivatives of its longer-range "intercontinental" models — the Series 30 and Series 40 DC-10s. These derivatives would offer added passenger capacity (up to about 60 more seats) through the use of lengthened cabins and more powerful engines (up to 59,000 lb thrust).

With the DC-9 the company is also looking at derivatives, including the Super 80 capable of carrying 155 passengers and the Super 30 capable of carrying 112 passengers.

The objective, as with the DC-10 medium-to-long range improvements, would be to capitalise on the heavy investment of several billion dollars made to date in the short-to-medium range market and by spending a limited further sum to ensure a place for the DC-9 in the airline fleets of the future.

McDonnell Douglas believes that even with any future development of the specialised 150-seater type aircraft there is still likely to be a market for the DC-9 derivatives through to the end of this century, and it sees no clash of interest between these ventures.

Lockheed Aircraft Corporation, the other major U.S. manufacturer of jet airliners, has found the competition in wide-bodied jets much tougher than either of the other two, and after losses of $2.5bn on the programme has decided to end production of the L-1011 TriStar in 1984, when the last of the 21 aircraft still on firm order has been delivered.

It is possible that the termination date may be extended beyond 1984 if the company is successful in convincing the holders of outstanding options on 49 aircraft that they should convert them to firm contracts, but even this will not alter the company's decision to cut its losses and get out of wide-bodied commercial jet airliner production eventually.

The decision to end TriStar development and production will cost the company some $396m which is being written off in the 1981 accounts. Lockheed sold only five TriStars in 1981, and the firm order backlog of 21 aircraft up to 1984 compares with the annual production rate of between 20 and 24 aircraft needed to make the programme viable.

Lockheed will continue to support current TriStar customers—there are 220 TriStars in service—for as far ahead as is necessary with spares and other assistance, as will Rolls-Royce on the RB-211 engines used in that aircraft.

NEW AIRLINERS IV

The Airbus consortium is ready for further sales battles against its U.S. rivals

Europe strengthening its position

OVER THE past decade, Airbus Industrie, the European consortium building the 250-seat A-300 and the smaller 200-seat A-310 Airbuses, has risen rapidly, to become the world's largest builder of wide-bodied jets after Boeing.

Increasingly in the future, it seems likely that the major sales battles throughout the world in the short-to-medium range markets will become fiercer, with the A-300 ranged against the Boeing 767, and the A-310 ranged against the Boeing 757. Already, Airbus Industrie has dealt Boeing some severe blows in non-U.S. markets, especially in the Third World.

Conversely, apart from its big order from Eastern Airlines (the biggest single Airbus customer) Airbus Industrie has been singularly unsuccessful in breaking into the potentially substantial U.S. market, although it has not given up trying.

Airbus Industrie, whose principal partners include Aerospatiale of France, British Aerospace (with a 20 per cent stake), Deutsche Airbus and CASA of Spain, with Fokker of Holland and Belairbus of Belgium as associates, represents the culmination of efforts by European governments and aerospace industries to establish a civil aircraft manufacturing capability on this side of the Atlantic that would reduce the U.S. dominance in world airliner markets.

Founders

Since its establishment in the late 1960s, it has succeeded beyond the dreams of its original founders, and is today still strengthening its position. To date, Airbus Industrie has announced firm orders and options for a total of 507 Airbuses from 44 airlines, of which 348 are firm orders and 159 are options. This figure is divided further into 327 A-300s (258 firm and 69 option) and 180 A-310s (90 firm and 90 options).

By comparison, Boeing has won firm orders for 173 of its 767s, with another 138 on option, and for 121 of its smaller 757s, with another 56 on option, a combined total of 488 aircraft in the short-to-medium range market.

So far, other than the 150-seater, Airbus Industrie has not begun to develop other types of aircraft that could challenge the Boeing supremacy in other markets, such as the short-range 737, for example, or in the very long-haul markets, dominated by the 747 Jumbo, and it seems likely that for the immediate future its activities will continue to be concentrated in the short-to-medium range field.

Also, Airbus Industrie recognises that its best opportunities for the future still lie in the developing world, especially among smaller and comparatively young airlines with substantial growth potential through the rest of this century. It is in this field that Airbus Industrie has picked up many of its most significant orders, and it is being assiduously cultivated by its sales teams.

With 162 aircraft delivered si far, and another 343 to be delivered, Airbus Industrie is now expanding its production rate. During 1981, it raised production at its Toulouse factory from 3.6 aircraft a month at the start of the year to 4.2 a month by December, and plans to continue this expansion as market requirements dictate, until peak production of eight aircraft a month is reached in 1984.

Already, Airbus Industrie is working on parts for Airbuses up to aircraft number 340, and production of a further batch of aircraft up to aircraft number 436 will start in mid-1982. Orders for long-date materials have already been placed for aircraft up to number 523. The delivery of Airbus No. 500 is planned for April, 1986. By that time, it is hoped that the present recession will be a thing of the past, and that the Airbus order book will have soared to over the 700 aircraft mark.

The precise investment in the Airbus programme has never been publicly quantified, but is probably now well in excess of $2bn, and the break-even number of aircraft needed is between 600 and 700. It is not expected that the programme will become profitable until the mid-to-late 1980s, but the value of Airbus Industrie in the European aerospace community, and to the European economy as a whole, is incalculable.

Had it not existed, the 505 aircraft already ordered and optioned, worth an estimated $15bn at a minimum, apart from the value of spares (which effectively doubles the total), would have gone automatically to the U.S. aerospace industry. This would have been a total loss of business to the European aerospace community, and a heavy drain on the dollar resources of the European airlines and their governments.

Airbus Industrie's plans to develop a new 150-seater aircraft the A-320, are discussed elsewhere in this survey. Beyond the A-320, however, Airbus Industrie has plans for an even wider range of aircraft. These include the TA (for Twin Aisle) 9, which will be a stretched version of the A-300 for medium-range routes carrying up to about 300-350 passengers; and the TA-11, a 200-seat, four-engined airliner capable of flying very long distances but with smaller passenger loads than now carried by the Boeing 747 Jumbo jets.

Another possible member of the Airbus family is also under study. This would be a long-range, twin-engined airliner, designated TA-12, with special interest for those airlines seeking to fly non-oceanic routes of up to 4,500 nautical miles and with operations from hot and high airfields.

Decided

Since Airbus Industrie has already decided in principle to concentrate its resources on the A-300, A-310 and now also the A-320, it may be some time before any commitments are made on either the TA-9 or TA-11 and in any event it seems likely that decisions will only be taken in the light of airline orders for such ventures. These in turn are not likely to occur until the recession is over and air travel is developing strongly again (although Lufthansa is very interested in the TA-11.

For the immediate future, the emphasis in Airbus Industrie will be on the three current programmes, which will be more than sufficient to keep the organisation fully stretched, especially if order books continue to expand.

Nevertheless, the long-term ambition of the Airbus Industrie management is to widen eventually the spectrum of activities, creating an even larger European airliner manufacturing organisation that will challenge the U.S. across the whole field of commercial airliner manufacture.

Another major element of the European challenge that is being mounted against U.S. dominance in world airliner markets is that by British Aerospace.

Apart from BAe's immediate direct 20 per cent stake in Airbus Industrie, representing an investment of up to £250m, which gives it a big share of the work on the A-300 and A-310 (building the wings and also with an overall design consultancy role), as well as a possible stake in the projected A-320, the UK group is mounting its own challenge in a variety of ways.

Prominent among these is its four-engined regional airliner, the BAe 146, which is now in quantity production, with two aircraft already well into the flight-test programme. This project is the first British civil airliner for 18 years and means an investment of up to £350m, of which about 80 per cent will have been incurred by 1984. Designed to carry up to 109 passengers on short-haul routes, it is intended to be a true "bus-stop" jet, with low noise and pollution from its four Avco Lycoming engines and very low fuel consumption.

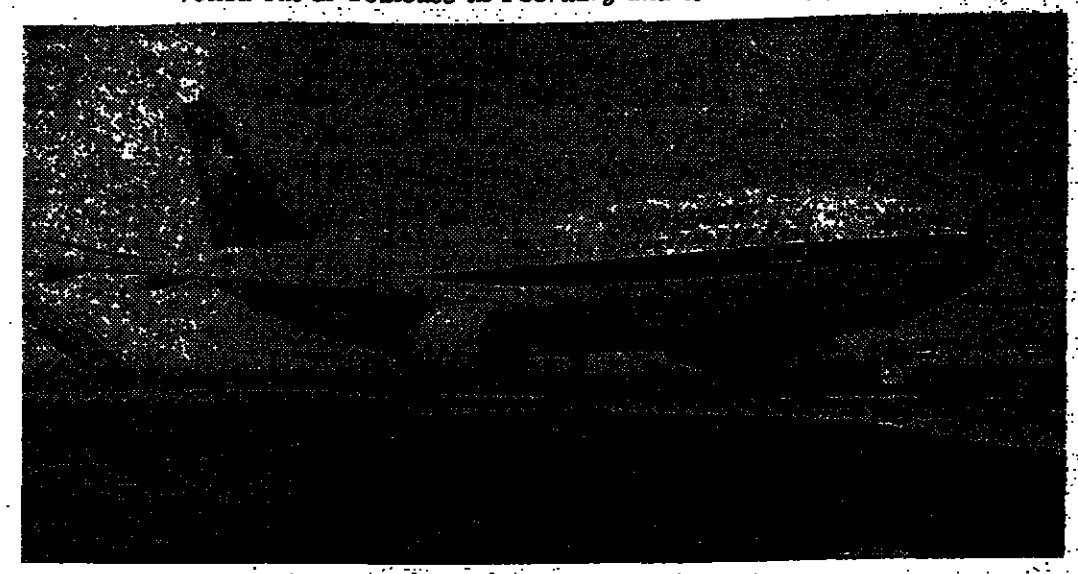
In addition to the 146, BAe has other major projects in hand. The first 19-seat Jetstream 31 twin turbo-propeller executive and commuter airliner has just been rolled out, representing, with an investment of over £20m. BAe's bid to win a major stake in this expanding market. The group is also continuing to sell its highly successful 40-passenger BAe 748 twin turbo-prop feeder-liner, and is progressively improving this aircraft. An improved and enlarged version of it for world markets is also being planned. A decision on the latter venture may be taken later this year.

Another significant contributor to the new generation of airliners is Short Brothers of Belfast. Apart from this company's heavy involvement in commuter airliner production, discussed elsewhere in this survey, it is also heavily engaged in the engine-podding business, producing pods for Rolls-Royce RB-211s for TriStars, 747 Jumbo jets, and the Boeing 757s, as well as for the Avco Lycoming ALF-502H engines used in the British Aerospace 146, and for the Pratt and Whitney PW-2037 engines for the Boeing 757.

Elsewhere in Europe, the challenge to U.S. dominance in world airliner markets is being maintained by Fokker of Holland, which is continuing production of its 52-seat F-27 Friendship twin-turbo-prop airliner, of which well over 700 have been delivered, and its 85-seat F-28 twin-engined Fellowship jetliner, of which over 174 have been delivered. Production of both types of aircraft will continue for some time to come.

Although Fokker has ended its pact with McDonnell Douglas to develop a 150-seater airliner, the Dutch company is to continue its studies, although what will now emerge from them remains to be seen. The possibility of Fokker joining Airbus Industrie to work on the A-320 venture cannot be dismissed.

So far as Aerospatiale of France is concerned, its emphasis in the airliner field is placed on its membership of Airbus Industrie, but the company has also branched out into the commuter airliner field in conjunction with Aeritalia of Italy on the development of the ATR-42, discussed later in this survey.



The British Aerospace BAe146 four-engined feeder-liner (above) is now well into its flight trials. The latest addition to the Airbus family, the A-310 (below), was rolled out at Toulouse in February and is due to fly soon

Finances put a brake on interest shown by airlines

Market for 150-seater emerging

OF ALL the new airliner programmes now either under development, or being discussed for the future, none has generated so much interest among manufacturers as the projected short-to-medium range 150-seater, although this enthusiasm is not so far reciprocated by the airlines.

While it is widely accepted that a market is emerging for such an aircraft, between the 140-seat Boeing 737-300 at the lower end of the scale, and the larger 186-seat Boeing 757, most of the airlines are not yet ready to commit themselves with orders. Nevertheless, most of them involved in short-to-medium range transport can see a need towards the later 1980s for an aircraft capable of carrying about 150-170 passengers over distances of between 1,500 and 2,500 miles. The market for such an aircraft has been estimated at upwards of 1,000, perhaps reaching as many as 1,500 through to the end of the century.

The initial enthusiasm for such an aircraft has been in the U.S., where a few major airlines, such as Delta and United, issued specifications for such an airliner some time ago. Since then other airlines have slowly begun to accept that such an aircraft, embodying entirely new engines giving substantially improved fuel consumption and with other new technological advances, such as a greater use of composite materials to reduce weight (and thus also improve fuel consumption), could be useful.

Cautious

But the precise date of entry into service of such an aircraft is far from clear, even in the airlines' own minds. While showing much private interest in such a venture, few are prepared to be so enthusiastic openly because of the parlous state of their finances. While some, such as Delta, have suggested that such an aircraft could be needed by 1986, others are more cautious, setting the requirement back to 1988-89.

By then, it is argued, the recession which has so severely eroded airline finances will be a thing of the past and air travel will be expanding strongly again, especially in the short-to-medium range markets, where the bulk of the world's air travel already occurs.

But whenever the aircraft emerges, it seems that the overall market will offer rich pickings for the aircraft manufacturers. Even if the conservative estimate of only 1,000 aircraft is taken, at about $30m per aircraft the market is likely to be worth $30bn, excluding spares.

It is not surprising, therefore, that most of the world's major airframe and engine manufacturers are interested in such a prospect, but with varying degrees of enthusiasm.

Of the main contenders in the airframe field, Airbus Industrie of Western Europe is the most enthusiastic, pushing ahead with its A-320 design and claiming that the aircraft could be developed in time to enter service by 1986. McDonnell Douglas of the U.S. had originally linked with Fokker of Holland to develop the joint MDF-100 design but this appears not to have been a very happy partnership, and it has been terminated by both sides by mutual agreement. Each of those companies, however, has said it intends to continue with studies on a potential 150-seater—the potential rewards are too great for them to ignore.

This opens the possibility of Fokker now joining Airbus Industrie on the A-320 venture, or even re-opening talks it held some time ago with Boeing on possible collaboration.

In the meantime, McDonnell Douglas is more cautious than Airbus Industrie, suggesting that perhaps 1987 is a more realistic time scale, although also arguing that if the market improves dramatically the aircraft could be produced earlier.

Boeing is the most cautious, arguing that 1988 or even perhaps 1989 might be a more realistic timing for the new jet. Boeing's caution is perhaps tinged with the fact that it is already spending $2.5bn in developing three other new jetliners (the 737-300, the 757 and 767) and does not want to get involved in another project just yet. But it is conducting a wide range of studies, under the umbrella designation "7 Dash 7," and it is likely to be a formidable competitor for the others no matter when the aircraft is needed.

Boeing, in fact, is probably in the strongest position of all, because simply by producing derivatives of its existing jets it can successfully "box in" any project produced by either Airbus Industrie or anyone else. For example, its studies include another derivative of the 737, called the 737-400, which would use existing engines but have a new wing. Another study is for a 737-500, with both new engines and a new wing. Yet another is for a shortened-fuselage version of the 757, to carry 150 passengers. It could even start afresh with an entirely new design.

In all cases the designs being mooted to meet the potential market are still in their comparatively early stages, and no final launch commitments have yet been made. These are likely to await some firm commitments from the airlines, with few signs of these forthcoming. So far only Air France has made a conditional order for 50 A-320s, but this will lapse if that venture is not formally launched this spring.

Governments are also likely to become involved, where the A-320 is concerned. Although the French Government has pledged support for the A-320, neither the West German nor UK Government has made up its mind on support for that project. Nor have the aerospace industries of those two countries settled the details of which parts of the aircraft they want to build, and how much investment they will subscribe to the programme.

Options

British Aerospace has been discussing a number of possible options with the UK Government and within Airbus Industrie, including the possible development of the forward fuselage and flight deck, manufacture of the tail unit, continued production of wings, as with the A-300 and A-310, or even undertaking final assembly of the aircraft in the UK from parts sent in by all the other partner countries.

Depending on which of these possibilities is finally adopted, the UK could get a share of the A-320 ranging up to about 30 per cent (another possible option, of course, is not to participate in the A-320 at all, but this seems unlikely). But the bill will be heavy, perhaps as much as £400m over the next few years, and the UK Government will probably have to find the bulk of this in launching aid.

Airbus Industrie has been hoping to get its A-320 partnership arrangements settled in the first half of this year, so as to be able to press ahead with the aircraft with a 1986 in-service date in mind, but it seems that this date is likely to slip, and the A-320 may not emerge until 1987 or perhaps even later.

All the contenders would like international collaboration on their projects. All have been wooing the Japanese aerospace industry in a bid to get both cash and work capacity (and hopefully also a substantial volume of sales in the big Japanese market for this type of aircraft), but so far no decisions have been taken by either the Japanese Government (through the Ministry of International Trade and Industry) or the companies involved.

Dialogue

Airbus Industries has already signed a Memorandum of Understanding with three Australian aerospace companies for participation by them in the A-320 venture; discussions on the precise participation by those organisations are now in progress.

Boeing maintains a dialogue with most overseas aerospace manufacturers with a view to the possible collaboration by some of them on the projected "7 Dash 7" venture.

Boeing is already working with the Japanese and Aeritalia of Italy, on the 767 airliner, and would clearly like to have some similar overseas contributions on any new airliner programme. Clarification of all these international moves seems likely some time during the coming year.

The competition among the engine manufacturers for their share of the 150-seater market is likely to be just as fierce, but is just as clouded at present. The value of the engine business is likely to be up one third of the total, or about $10bn, excluding spares.

Rolls-Royce has already linked with the three Japanese aero-engine manufacturers (Ishikawajima Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries), to form a joint company, Rolls-Royce and Japanese Aero-Engines, to develop an entirely new 24,000 lb engine, the RJ-500.

Work on this has been pushed forward fast, with those companies' private funds, and two "demonstrator" engines aimed at proving the overall soundness of the design have been built, in Derby and Tokyo.

Full-scale launching of the development of the RJ-500 with UK Government cash support, however, is not likely to occur until a commitment to use the engine has been made by an airframe manufacturer, and orders received from airlines.

On present reckoning this could come later this year. Meanwhile Rolls-Royce and Japanese Aero-Engines are holding talks with other potential partners, including Pratt and Whitney and General Electric of the U.S. and Snecma of France with a view to perhaps bringing one or more of them in to share the burden of development costs, ease the technical problems involved in developing the engine and widen the potential market.

Just how far such talks will go remains to be seen. But certainly so far Pratt and Whitney has made it clear that it intends to offer fierce competition to the RJ-500 if there is no collaborative agreement. It is already working on the development of a new engine in the 25,000 lb thrust category to compete in the 150-seater market, and the company has made no secret of the fact that it intends to capture the lion's share of the market if it can.

Savings in fuel consumption are becoming the yardstick for commercial success

Engine builders in fierce struggle for market share

THE BATTLE among the world's major aero-engine manufacturers for a share in the big markets of the future is already just as intense as that between the airframe manufacturers, and is likely to become even fiercer through the 1980s.

With about one-third of the total aircraft market of $160bn, or about $50-$60bn, likely to be spent on aero-engines of all kinds, the rewards for the successful manufacturers will be substantial.

The aero-engine builders are of especial importance where the "new generation" airliners are concerned, for the engine is always regarded as the "pacing factor" in aircraft design. No airframe designer can begin to work unless he knows that an engine is likely to be available to enable his aircraft to do what he wants it to do. The lack of early availability of a suitable engine is one of the reasons why the projected 150-seater airliner is not proceeding as fast as some aircraft designers would have liked.

This puts not only a special responsibility, but also a strain, on the aero-engine companies, for designing and building an engine is a very expensive and high-risk business. It can cost up to £1bn or even more to launch a new high-thrust jet engine today, and for much of the initial design period (when money is pouring away) there is no guarantee of any orders or financial rewards.

Profits

It can take up to ten years from initial conception before any profits emerge from any aero-engine, but if the project is successful, the rewards can be immense, extending perhaps over 20 to 30 years (the classic examples of such successes are the Pratt and Whitney JT-8D jet engine, of which more than 11,500 have been ordered, and the Rolls-Royce Dart turboprop).

Gauging the market is a skilled business, and the engine companies do not always succeed in being in the right place at the right time. Rolls-Royce, for example, failed to win any part of the A-300 and A-310 Airbus markets, which have been shared by its rivals, General Electric and Pratt and Whitney, who seem likely now to dominate supply to those two aircraft for many years to come.

That lesson has not been lost on Rolls-Royce, which is now well out in front with the joint UK-Japanese RJ-500 for the prospective 150-seater market, but even that engine project remains subject to Government financial support, and awaits acceptance by airframe manufacturers and orders from airlines.

In the sales battles that lie ahead, fuel consumption will play a far greater role than ever before. At a time when airlines' fuel costs are already around 30 per cent of their total operating costs, every 1 per cent improvement in fuel consumption can mean several million dollars a year saved on fuel bills over an airline's fleet.

The first of the new generation of airliners to emerge, the semi-widebodied Boeing 767 twin-engined aircraft, has opened a major sales battle between the two U.S. giants, General Electric with its CF6-80A and Pratt and Whitney, with its JT9D-7R4D engines. These engines, of up to 48,000 lb thrust, represent the continuation of a long period of development of high-thrust engines in the CF6 and JT9D Series.

So far, the battle for the 767 market is evenly matched, but it is a fierce one with neither side giving anything away to its rival. So far, Rolls-Royce is not involved. Although its RB-211-524 was—and still is—available, so far no airline has chosen to adopt it for the 767.

Rolls-Royce is heavily engaged, however, in the battle with Pratt and Whitney for the engines in the new Boeing 757 twin-engined short-haul jet airliner.

Rolls-Royce has developed its Dash 535C version of the RB-211 engine, of 37,400 lbs thrust, for the initial Boeing 757s that will go into service at the end of this year and during 1983, in competition with the Pratt and Whitney PW-2037. But Rolls-Royce is already developing an improved version, the E4, of 40,100 lbs thrust, which will cut the fuel used by the 757 by about 10 per cent compared with the initial 535C.

Some of the 757 customers will change their 535C engines to the E4 version from 1984. Total orders for Rolls-Royce-powered Boeing 757s so far amount to 101 aircraft firm and on option, from five airlines — British Airways, Eastern, Monarch of the UK, Transbrasil and Air Florida.

Alloys

Beyond the E4 version of the Dash 535, however, Rolls-Royce is developing the F4, a higher-thrust variant designed especially for use in long-haul aircraft, such as the Boeing 747 Jumbo and the DC-10. This version of the engine will offer further improvements in fuel consumption, and is due to enter service in 1985.

Features of both the E4 and F4 engines will be the much greater use of new materials, including advanced high temperature titanium alloys, lightweight Kevlar components, carbon fibre nacelles and thermal barrier coatings on the high-pressure turbine blades. These are all intended to help reduce weight, improve fuel consumption, and also reduce noise.

The F4 version of the engine could be of considerable significance to Rolls-Royce, especially if it helps to widen the market for the company's engines in the 747 Jumbo, and enables it to win orders on new versions of the DC-10 (a market Rolls-Royce has not yet been able to break into). With the Lockheed TriStar production now being ended, it will become even more vital for Rolls-Royce to capture new markets for its engines.

The F4 is coming forward at just the right time, when the other major manufacturers, Boeing and McDonnell Douglas are considering new versions of their long-haul aircraft. McDonnell Douglas, for example, is considering the F4 as one of the power-plants for its projected Super 10 long-range jet.

But there is formidable competition from Pratt and Whitney's new PW-2037, a 37,000-lb thrust engine which has already run at 38,000 lb thrust. Pratt and Whitney claims that when compared to the first generation turbo-fan engines it will replace such as JT-8Ds, the PW-2037 will offer more than 30 per cent improvements in fuel consumption, or savings equivalent to $1m per aircraft per year. Additional technical improvements to reduce fuel consumption even further will be incorporated as the engine is developed in airline service.

As with Rolls-Royce, Pratt and Whitney has done much to improve the technology of aero-engine manufacture. Among the improvements that will be incorporated in the PW-2037 are single-crystal turbine blades, nickel-based super alloy compressor discs, and a new digital engine control system developed for the PW-2037 by United Technologies' Hamilton Standard Division.

These features, says Pratt and Whitney, have enabled it to design a lighter-weight engine with substantial benefits in improved fuel consumption. Pratt and Whitney is aided in the development and production of the PW-2037 by Motoren-und Turbinen-Union of West Germany (11 per cent) and Fiat Aviazione of Italy (4 per cent). The engine has already been selected by Delta Air Lines and American Airlines of the U.S. and by Transbrasil (which has chosen both the Pratt and Whitney and Rolls-Royce engines) to power their fleets of Boeing 757 jet airliners.

Competitor

General Electric of the U.S., the other of the "big three" aero-engine builders, is also in the hunt for orders with its new CF6-80 series of engines in the 48,000 lb thrust class for such aircraft as the Boeing 767 and the Airbus A-310. So far, 13 airlines have ordered CF6-80-powered aircraft and in both types of aircraft the only competitor so far is Pratt and Whitney.

General Eelectric is also developing a bigger-thrust version of the CF6-80, the "C" model, which will offer up to 59,000 lbs thrust. This will be used in such new aircraft as the Series 600 version of the A-300 Airbus, the stretched upper-deck version of the 747 Jumbo jet and any stretched derivative of the 767 (such as the 777) that may emerge. The company says that today more than 5,800 GE engines are in service in nearly 2,000 commercial, business and executive aircraft.

Rolls-Royce RB-211 Dash 535C engines being prepared for despatch to the U.S. for the Boeing 757. Now the company is developing an improved version which is expected to cut fuel costs by 10 per cent. It can take 10 years from initial conception for an engine to produce profits but the rewards can be immense

General Electric is also in partnership with Snecma, the French aero-engine manufacturer, in a joint company, CFM International, to build engines for commercial airliners. The first venture, the CFM-56, has already won considerable success, being selected by Cammacorp of the U.S. for re-engining existing DC-8 jet airliners.

So far, Cammacorp holds orders for re-engining 90 aircraft, with options for another 44, using the CFM-56-2 engine of 24,000 lbs thrust. This engine is also being used by the U.S. Air Force and French Air Force to re-engine KC-135 and C-135 tanker-transport aircraft.

The CFM-56 success has also been further extended by the decision of Boeing to use it in the new 737-300 aircraft, now under development. This is the Dash 3 version of about 20,000 lbs thrust, and it is claimed that this engine will show an 18 per cent to 20 per cent improvement in fuel consumption per seat compared with the earlier 737-200 models of the aircraft.

The CFM-56 is also being further developed, as a candidate for the projected new generation of 150-seat airliners, so that it seems likely that competition in that field also will be fierce in the years immediately ahead.

High sales of commuter aircraft expected

ONE OF THE most rapidly developing sectors of world air transport is the so-called "regional" or "commuter" airliner market. These names are frequently used to denote the same type of market, although in fact the "regional" type of airliner is one seating between 50 and 100 passengers, and the "commuter" type is a rather smaller aircraft, seating up to 50 passengers.

Overall, however, this broad category of aircraft is currently one of the most promising in the world for the airframe and engine manufacturers. Over the next 10 years, it has been estimated, it could provide sales of more than 1,000 aircraft, worth between $5bn and $10bn, with perhaps as many again being ordered through the 1990s.

Primarily, these aircraft are designed to serve small, comparatively rudimentary airfields, even of the "grass strip" variety, and to provide the closest thing to "bus-stop" operations yet seen in commercial aviation.

It is this type of operation that is becoming popular in the U.S., and to a lesser extent in Western Europe, not only in providing feeder services from remote points to the larger "hub" airports, but also to link smaller communities together directly.

But these new small airliners have an even more significant, and potentially lucrative, role to play in helping the air transport development of countries in the Third World. In many parts of the globe, air transport is only now beginning to be accepted as a tool of economic, industrial and social development, and the demand for small, cheap to buy and fly types of aircraft is expanding rapidly in many countries in South America, Africa, South-East Asia and the Far East.

It is significant that the generation of commuter airliners comprises entirely turbo-propeller driven types, mostly twin-engined (although the de Havilland Canada Dash Seven has four engines).

The reason is that in the under-developed regions of the world where much of the business will lie, cheapness of operation and ease of maintenance under difficult terrain and climatic conditions is of critical importance. The generation of aircraft now being developed will be just as useful in opening up the air transport systems of underdeveloped countries (the regional role) as for providing more sophisticated inter-urban services (the commuter role) in the UK, U.S. and Western Europe.

A recent analysis shows that there are now more than 20 separate manufacturers involved in the regional and commuter airliner industry, offering between them over 30 different types of aircraft, of almost bewildering variety. They range from the small nine-seat Piper T-1040, through existing 19-passenger aircraft of the Embraer (Brazil) Bandeirante type (one of the most successful commuter airliners yet built with sales of over 350 aircraft), through to the new Embraer Brasilia and up to the de Havilland Canada Dash Eight of 36 seats and the 50-seat Dash Seven.

Prototype

In Western Europe, considerable interest has been shown in the development of the commuter airliner, and several major new programmes are under way.

Saab of Sweden has joined Fairchild Industries of the U.S. to develop the SF-340, a twin-engined turbo-prop airliner, seating 34, now in production with the prototype maiden flight planned for late 1982 or early in 1983, and deliveries to customers early in 1984. More than 100 orders for this aircraft have already been placed worldwide.

In France and Italy, government approval has been given for the collaborative (50/50) development of the ATR-42, also a twin turbo-prop engined airliner, seating between 42 and 49 passengers and aimed at ranges of 1,300 km. The two manufacturers, Aerospatiale of France and Aeritalia of Italy, hope to win sales for up to 900 aircraft over the next 20 years.

Already, orders and options for the ATR-42 stand at over 56 aircraft, with letters of intent for another 30. Of the 14 customer airlines involved, five are in the U.S.

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Technological advances will make aircraft easier to fly and cut fuel bills. Aerodynamic changes will improve performance and safety.

Intensive search on to reduce weight

THE NEW AIRLINERS now either in production or planned for the future will differ in many ways from their predecessors, although these differences may not always be apparent to passengers.

Primarily, the aim of the new aircraft will be to save fuel in every possible way, in some cases by as much as 40 per cent over the older aircraft they will replace. These savings will come either from the use of new and improved engines, or from aerodynamic improvements to the aircraft shapes themselves, or from a wide variety of other techniques used to reduce the overall gross weight of the aircraft, so that less power will be needed to get them off the ground and propel them through the air.

The search to reduce weight—which in turn reduces fuel consumption—is being carried to considerable lengths. Some airlines are cutting out meals and galleys entirely on short-haul flights, and putting in extra seats; others are eliminating seat pocket give-away magazines or reducing them in size; others are reducing the amount of water they carry in toilets.

Fire hazard

Some airlines are doing away with in-flight duty-free goods sales, relying instead on last-minute duty free shops before departure, thus avoiding the need to carry surplus weight. A bottle of whisky multiplied a hundred times is a lot of surplus weight on any flight as well as a potential fire hazard in the view of many flight crews.

These improvements are welcome, but the most significant fuel savings in the airliners of the future will come from technological improvements in the engines. All the major engine manufacturers have been spending large sums and years of effort in attempts to reduce the fuel consumption of their powerplants substantially.

In its new Dash 535-E4 engine for the Boeing 757, for example, Rolls-Royce says that improvements in the engine will cut the fuel consumption compared with the earlier version of the same engine by 10 per cent. The improvements include a new super-efficient fan which produces most of the engine's thrust. It has fewer but wider blades than fans on current engines, producing power more efficiently and allowing the maximum thrust to be increased.

Another development is a new exhaust nozzle which enables all the hot gases from the engine to be expelled through one nozzle, providing savings of up to 1½ per cent in fuel consumption while cruising.

Other improvements in the 535 engine include high-efficiency compressors and turbines, new electronic engine controls, and the extensive use of advanced lightweight materials, including a new high-temperature titanium alloy for the high-pressure compressor, Kevlar for fan-blades, and carbon fibre composites and titanium sandwich for nacelle components.

Pratt and Whitney, in its JT9D-7R4 for the Boeing 767, and the PW-2037 for the Boeing 757, is using many new developments, including improved nickel alloys in turbine and compressor discs, and "single crystal" blades in the first-stage turbine of the engines.

"Single crystal" is a Pratt and Whitney patented technology which is the result of more than 15 years of research. Such blades consist of one "grain" of alloy, and are claimed to be much stronger than blades cast with conventional materials, while they have greater resistance to metal fatigue, oxidation and corrosion. They also require less cooling air, which improves their efficiency.

The new electronic engine controls to be used in the Rolls-Royce and Pratt and Whitney engines will enable more accurate power settings to be achieved by the flight crew, eliminating the need for frequent throttle movements and "trimming" of the engine, which are both fuel-consuming procedures associated with conventional engine control systems. These electronic systems are also more reliable, thereby helping to reduce flight delays.

While many of the improvements are to be found on the new jet engines, the scientists have not been ignoring the propeller. There are many in the aerospace industry who believe that because of the substantial fuel savings and less noise that can be achieved with new designs of propellers, turbo-prop airliners may be used much more in the future, in some cases even replacing jets.

In both the U.S. and Europe, work is under way to produce a multi-bladed propeller, rather like a ship's screw, in place of today's conventional four-bladed propellers. Studies into both six-bladed and eight-bladed propellers, for example, have been conducted by British Aerospace, while others interested in this approach include Hamilton Standard Division of United Technologies of the U.S.

The objectives are to meet the increasingly stringent noise requirements laid down by governments for new airliners, while also increasing the overall aerodynamic efficiency of these propellers.

The results could be savings of up to 40 per cent in fuel consumption over existing propeller-driven airliners. At the British Aerospace Dynamics Group, studies have centred mainly on propellers with diameters of up to 14 feet for engines in the 2,500-3,000 horsepower range—the type of new propeller which could be used on any new version of the BAe 748 airliner.

Variations

One of the most significant new developments to be used on the latest airliners will be a cleaner, simpler flight deck for the pilot and crew. There are several variations on this theme, but in general they make much greater use of coloured cathode ray tube displays to present the crew with essential information, in place of the vast arrays of dials customarily found in airliner flight decks: and greater use of push-button selectors rather than old-style switches.

The overall effect will be to clean up the flight decks, making them more spacious and comfortable, and helping to reduce workloads.

This is of considerable significance in the light of the current argument over two or three-person flight deck crews. Many pilots' unions are pressing for three crew on safety grounds, while the airlines for economy reasons want two, arguing that the new jets are entirely safe with only two on the flight deck. This debate is far from over, but the manufacturers stress that their aircraft can be flown by either two or three.

The flight decks will also increasingly be equipped with what are broadly described as "fuel management systems." These are methods whereby using an on-board computer into which can be fed detailed information about the aircraft's flight path (such as the positions of the radio beacons it must pass over), the most economical route is calculated, and the directions for it fed into the aircraft's automatic flight control system.

As a result, the aircraft will virtually fly itself to its destination, with the pilot acting as a monitor, saving time and fuel. British Airways, for example, has been using this system on its long-range Lockheed TriStars for some years, with substantial savings in fuel.

Various aerodynamic improvements to the shape of new airliners are also being explored. Among new technical developments being tried by McDonnell Douglas is the use of "winglets" on the tips of the wings of a DC-8 jet, to improve their aerodynamic efficiency, reduce drag and so cut fuel bills.

A new light-weight vertical fin made of graphite composite materials reduces the fin weight by as much as 20 per cent compared with aluminium fins. A DC-10 jet fitted with such a fin could save up to 3,500 gallons of fuel a year in normal service.

Other aerodynamic improvements will be less readily apparent. In more than 30,000 hours of wind-tunnel testing since 1970, Boeing aerodynamicists have refined a new cross-section for subsonic airliner wings—slightly flatter on the lower surface and thicker through the centre; thereby changing the airflow over the wings and giving a better distribution of lift.

The effects are not only to reduce "drag" and improve the flying performance of the wing (helping to save fuel) but also to increase its strength. The improvements in fuel consumption come from lower engine power requirements, which in turn means less noise, especially on take-off and approach to landing.

These new wings also have greater spans, enabling slower landing speeds to be obtained, thereby improving safety. The new wings are being incorporated in both the new Boeing 767 and 757.

These two airliners will also be built with a much greater proportion of new materials, such as advanced composites made from graphite or Kevlar (a Dupont product) fibres, instead of using aluminium or fibreglass. Lighter and stronger than either of the two more conventional materials, the advanced composites will help to cut fuel consumption by amounts averaging 25 per cent in the weight of each component.

The advanced-technology Forward Facing Crew Cockpit on the A-310 Airbus features the use of cathode ray tube displays to provide much of the information normally shown by dials, together with more comfortable accommodation for the two-man flight crew

High sales of commuter aircraft

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and others are in Scandinavia, South America, South-East Asia and Australia.

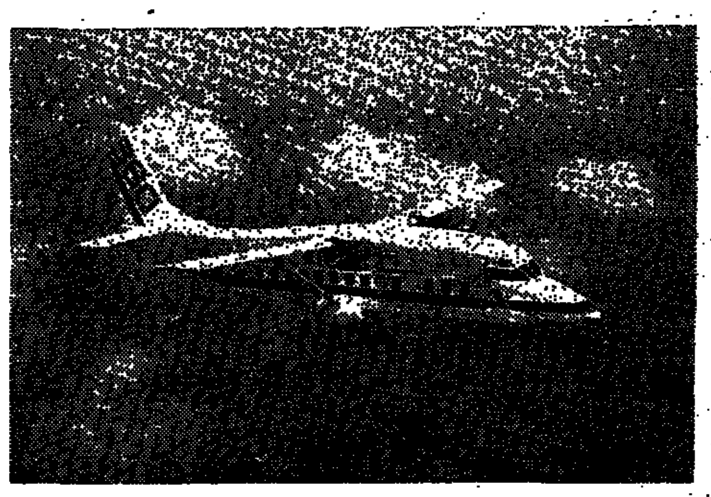
The maiden flight of the prototype is scheduled for August 1984. The production schedule calls for first deliveries in 1985.

Also aimed at the commuter airliner market are three other European types. The prototype of the Short Brothers Model 360 36-seat twin-turbo-prop airliner is already flying, and is scheduled for Certification and delivery to first customers this autumn, well ahead of any rivals, such as the Embraer Brasilia, the de Havilland Canada Dash Eight, and the Saab-Fairchild 340.

So far, 15 regional airlines throughout the world have placed orders for over 100 of the 360s, or are in negotiation with Short Brothers.

Short Brothers is also continuing to build the smaller 30-seat Model 330, for which orders have already passed 106, worth more than \$250m (over £130m) including spares.

To compete in the same field, British Aerospace is now studying an improved version of its BAe twin-engined 748 turbo-prop airliner, which in earlier versions has already won orders for over 350 aircraft world-wide.



The Short 360 "commuter airliner" is already winning orders in the highly-competitive U.S. market and the company expects to sell several hundred aircraft in the years immediately ahead

British Aerospace is also offering a smaller type in this overall market—the 19-seat Jetstream 31, the prototype of which is already flying. This is also a twin-engined turbo-prop, for short distances, which can also be used as an executive aircraft and as a military trainer. Production of a first batch of ten aircraft has begun, and first deliveries are due at the end of this year. Ten aircraft have so far benn ordered or optioned, with letters of intent for six more.

Sub-assembly production of a second batch of ten Jetstream 31s is under way, and manufacturing plans for the third batch are being prepared. A production rate of 25 aircraft a year is planned from 1984 onwards.

Although more a regional airliner than a "commuter," the British Aerospace four-engined 100-seat 146 is also competing in the latter market. The prototype is now flying, and Certification is set for later this summer, with deliveries starting in the autumn.

There are already orders for 13 aircraft with options on 12 more, and further contracts are in negotiation. The aircraft is being built in two versions, the Series 100 seating up to 80 passengers and the Series 200 seating up to about 109.

Outside the U.S. and Western Europe, the major commuter airliner manufacturers are de Havilland Aircraft of Canada, and Embraer of Brazil.

De Havilland Canada, of Downsview, Ontario, has for many years specialised in short take-off and landing (SToL) types of aircraft, including the highly-successful Twin Otter, of which well over 700 have been sold, and which continues in production. DHC is now also well into quantity production of its 50-seat four-engined Dash Seven quiet short-take off and landing airliner, of which well over 100 have been ordered.

In addition, the company is developing the smaller 32-36 seat Dash Eight, a twin-engined airliner which will complement the Dash Seven in the expanding market for commuter-type aircraft. With orders well over the 100 mark for the Dash Eight, production of the aircraft is on schedule for roll-out and first flight in mid-1983. Deliveries will begin in 1984.

In the longer-term, DHC is considering derivatives of both the Twin Otter, and a 60-80 seat development of the Dash Seven for service in the mid to late 1980s.

Embraer of Brazil has developed rapidly over the past decade to become one of the world's major producers of light transport aircraft. Its most successful so far has been the Bandeirante (Pioneer) a 19-seat twin turbo-prop airliner, of which more than 350 have been sold, and which continues in quantity production.

Beyond the Bandeirante, the new 30-seat EMB-120 Brasilia twin turbo-prop airline is now under development, for a maiden flight in mid-1983, and deliveries in 1984. Orders and options for the Brasilia stand at over 150 aircraft, and it seems likely to remain a popular commuter type of aircraft for many years to come, despite the fierce competition world-wide.

THE ARTS

Festival Hall

Gilels

by DAVID MURRAY

Emil Gilels' all-Beethoven recital on Sunday afternoon was the sort that hobbles the reviewer, overcome by regret that his reader wasn't there. Of the sonatas Gilels chose op. 10 No. 3, "Les Adieux" op. 81a and the two-movement op. 90, along with the op. 79 Sonatina; and he placed the "Prometheus" *Variations* and Fugue op 35 before the interval. These were all nonpareil performances, not to be compared with those of other masters—too complete in their own terms for it to be asked whether X or Y does something more, or less, with particular passages, too convincingly thought through as whole works, too magnificently realised at the piano.

Some notes. In the D major Sonata from op. 10 Gilels was by turns liquid and fleet in the opening Presto, cogent without bumpy emphases. The Largo had enormous expressive power, with majestic sonority in the tenor register, and superbly sparing of the damper pedal; the Menuetto began like a frail afterthought and yet rose easily to its tougher Trio. For the first of three times in the programme, Gilels brought off an inspired throwaway ending for the Finale with palpable relish.

Throughout the "Prometheus" Variations the hammered B-flats (later A-flat, and still later disorientating B-natural) of the crucial bass struck like Jovian thunderbolts, even in quiet variations. There was robust comedy in that—the theme itself was always treated with pawky humour, even when Gilels' singing line had taken wing—and rich intimations of other feelings too. Gilels fixed the difference between the gravity of the earlier Sonata Largo and the formal elaborations of the "Prometheus" Largo unerringly, adopting quite another tone and delivery for the latter and so allowing the fugal Finale to spring naturally from it—in ever-bolder arches and merry cascades, with towering energy. All the repeats in the variations were observed: so often were finger-slips first time round put satisfyingly right in the repeat that one suspected he did it on purpose.

The little Sonatina was remarkable for a triumphant one-in-the-bar treatment of its Presto alla tedesca (the usual three-in-a-bar tends to sound stiff), and a searching Andante that avoided any sense of over-inflation. The op. 90 Sonata made a memorable *envoi*, its lyrical conclusion glowing with unforced tenderness in every bar. In between came Gilels' magisterial account of "Les Adieux," conceived on the grandest scale: how often does that sonata sound like one of Beethoven's major contributions to the repertoire? At this point, comment fails.

Theatre Royal, Stratford, E.15

Variety Show

by ROSALIND CARNE

An exciting new Arts complex has opened in East London. The Bar Begun at Stratford is all but complete, though regular punters may be assured that there have been no unsettling changes in their favourite theatrical watering hole. Jostling room has been extended, but the stretch of bar appears somewhat shortened, thereby compounding the usual crush of human and creative overspill from the main auditorium.

The mood was merry as ever at Sunday night's variety show, a chaotic, though eminently enjoyable, sequence of song, dance, and comic sketches. Local actress Kate Williams has *gathered a team of genial* troopers, who carry the audience with ease and not a hint of aggression or awkwardness, however broad or bold the humour. Performances run from Thursday to Sunday throughout March and proceeds will be donated to the fund for the theatre's much-needed new seating.

The recipe varies *slightly* from night to night and the trump card on my visit was a peculiarly droll little episode by playwright Victoria Wood. Who else could pack lizards, lentils and librarians into a brief and highly amusing study of sexual ignorance? *Later on*, a wonderfully shameless Marcel Steiner demonstrates the art of coupling with a female tape recorder. I have never seen anything like him—huge, hairy, shambling, and compellingly repulsive, somewhere between Leopold Bloom and Sweeney Agonistes.

In total contrast, we are treated to two displays by three woman members of the Gymnastic Dance Theatre. It would be *difficult not to marvel at their* loose-limbed contortions, though I would have enjoyed more emphasis on dance and less on *gym*. Their act has a tone of austerity, which sits ill with the prevailing spirit of the occasion. Other high spots are two charlady prima donnas, some soulful clarinet from Tommy Shand, and bright, blatant, but sloppy chorus girl routine from Julie and Sylvestra, and the lovely Dolores, six foot plenty with shoulders like a navvy—but then *she probably is* a navvy. Music hall patter and song from Christine Pilgrim winds up the hectic medley with appropriate pazzaz.

'Ladbroke Lecture Concerts' live on BBC-2

A series of lecture concerts, sponsored by the Ladbroke Group, will enable thousands of young people to be introduced to classical music by such exponents as Claudio Abbado, Rudolf Serkin, Yehudi Menuhin and the London Symphony Orchestra, at the new Barbican Arts Centre.

The Ladbroke Lecture Concerts, presented by broadcaster and TV personality, John Amis, are to be televised live on consecutive Sunday afternoons, on March 14, 21 and 28, in the Barbican Hall, the LSO's new home.

Each of the three programmes will comprise a pre-concert talk, open rehearsal and "meet-the-artist" interview, with conductor and artist discussing the main work to be *performed* later that week.

Initially, the LSO had envisaged subsidising tickets for young people in particular, with the help of a sponsor. Cyril Stein, Ladbroke's chairman, went a step further by offering to increase the sponsorship fee by 50 per cent so that *youngsters* keen to attend would not be prevented from doing so by lack of funds.

"Figures and railings," mixed media sculpture by John Davies

Metropolitan Art Museum, Tokyo

Aspects of British art today

by WILLIAM PACKER

To travel to the other side of the world simply to see the art of one's own country may seem to be a conspicuously perverse exercise, and especially so when the goal is Japan, which has enough of her own that is strange and rare. But then the great Japan Exhibition, lately closed at the Academy, had the boot on the other foot, and must surely have demonstrated to *Japanese eyes, quite as much as* it delighted ours, that to make such a pilgrimage may not be so odd after all. For to see something afresh is almost to see it for the first time, and certainly, as when we surprise ourselves in a double mirror, it helps us to see it clearly, and whole. It does us good sometimes to put a certain distance between ourselves and what is ours.

Aspects of British Art Today, which our Ambassador declared open in Tokyo ten days ago, and is to tour Japan until the autumn, though it has been almost as long in its preparation, and returns the compliment with the nicest timing, is in no sense comparable or counterpart to Great Japan, nor was it ever meant to be so. It has not the scope nor the same comprehensive historical ambition; but for all that it is an exhibition of real importance, and in its more general implications perhaps of lasting significance. That we should learn from it certain things about ourselves is to be expected, but as much would be true of any such exercise: it is what it tells us of ourselves in particular relation to Japan at this time that is most important of all.

We hardly need telling of *Japan's extraordinary* technological and industrial achievements that have *followed* upon her whole-hearted post-war commitment to the West; but in cultural matters her case is somewhat more equivocal, ambiguous, uncertain. It must take time to resolve, but the problem centres around Japan's own sense of her cultural identity, a distinct culture but one no longer isolated and far *removed from* an international stage. Moving on to the particular issue of the visual arts, the questions are: how should the Japanese artist address himself to the wider world; should he do so at all; and what kind of example should he look to from abroad?

Deep waters indeed, and what answers there are can only be mixed and half-answers at best. No one would suggest a precious and reactionary insularity on the one hand, slavish imitation on the other, but rather a proper cultural pride and an open and critical mind. One would ask that the Japanese be true to themselves in the situation they have made for themselves, neither apologising for their past nor slaves to it, nor merely *supplying the modern art that they might think is required of* them. The symptoms, of which the recent celebration of Edo in London was one, and these British Aspects in Tokyo another, would seem to be encouraging.

Avid for western art, the Japanese deserve the real thing, and not single spies only that might prove deceptive, but in battalions, trouble-free, we hope. They asked for *Aspects of* British Art Today to be sent to them, and then quite rightly involved themselves fully in the processes of selection and preparation. The exhibition is thus the fruit of a true collaboration between the Japanese museum authorities and the officers of the Department of Art at the British Council, with Dr David Brown of the Tate co-opted as particular adviser, and as such is indeed unprecedented.

It can only be a partial and divided beast, a sample rather than a survey, and one which must register both a Japanese and a British view of its subject; but that it should do as much and yet retain a real integrity is no small thing, and it does much more. With some 33 *artists in the side, 24 of them* represented by substantial oneman displays, it would be easy to dwell on the actual choice. I must say there are some I would positively have rejected, others who are just a shade lucky to have been included. Gilbert and George, for example, have given me pause on many occasions over the past year or so, and I have been almost persuaded, but now at last I *know* that their radical-chic attitudinising is too much for me to take seriously; and John Edwards and especially John Hoyland are two good painters not currently at their best: there are others rather light-weight perhaps, or stuck in their ways. And there is the introductory section, which must have seemed a better idea earlier in the planning than in the event.

But I am carping so must plead it as a compliment. The show has the virtues of its faults, and more besides, serious enough to require criticism, yet *overall positive, generous* and at ease with the risks it takes. *Its achievement is to represent* British Art not fully, but at least *characteristically, showing* something of the range and variety of our artists' preoccupations, and a very great deal of its substantial accomplishment, carried through so often with such élan. Hockney, Hodgkin, Long, King, Caro, Riley: all quite rightly are familiar on the international stage, but how good it is to see such artists as Adrian Berg, Alan Green, Nigel Hall, Tony Cragg, Roger Ackling, Anthony Green, David *Nash and Hamish Fulton emerge* to join them.

But what can any of it possibly say to the Japanese? *It demonstrates most forcibly* that whatever the nominal or apparent dissimilarities might be between the work, artist by artist, a strange chemistry will hold it together, a bond compounded of those shared experiences and unspoken sympathies that amount to a culture. The British sensibility appears to embrace all comers, and remain even with those who appear to move away. The preoccupation *is not with statement, or image*, or manner, but rather with material, stuff, things, places. The work is there to trap the experience for others to share, shot through with imaginative possibility. Inevitably the artist is drawn close to nature, if only implicitly; which is a connection that the Japanese, of all people, should make with the greatest ease. Here, in this exhibition, it is clearly seen that a Western nation, a European nation, is no less in its achievement *for being so distinct.*

Festival Hall

Tony Bennett

by ANTONY THORNCROFT

Tony Bennett may not be the most fashionable singer of the day but he packed the Festival Hall twice last weekend and pleased the audience with an act which need not have changed for over a generation. Certainly there was hardly a song in his two-hour set without a venerable ancestry and how welcome it was to hear them again.

"More than you know," "I'll remember April," "Don't get around much any more," even "Lazy afternoon," rather incongruously dedicated to Scotland, all those standards lost beneath the clean sweep of the youth-rock revolution of the late 1950s, were back on parade. But now the old ways are in fashion in the U.S. and Tony Bennett is the perfect Master of the President's Music.

It would be useless to pretend that the Bennett voice, as *such, would win a Butlin's talent* contest on its own merits: he adopts some very bizarre approaches to the high notes. But the phrasing is, if anything, better than I remembered and the casual, almost conversational, style has great charm. For the first half Bennett was backed by the Ralph Sharon trio and you could imagine that in a smokey night club the impact would have been considerable. Atmosphere was *sacrificed in the formal* Festival Hall. The arrival of an orchestra after the interval put Bennett's voice under greater strain, but the flow of memories was unabated.

The image may be Las Vegas—the little bow in *anticipation* of applause at the recognition *of each song*; the honeyed words — but by the end, after an attractive Duke Ellington medley which suggested that Bennett is much more of a jazz man than an awful "I left *my heart in San Francisco*" schmaltzer, and some very gracious treatment of the fans, I felt that while Tony Bennett survives the preservation of the old classics could not be in safer hands.

Round House

Maxwell Davies

by ANDREW CLEMENTS

Peter Maxwell Davies's two music-theatre pieces of the late 1960s, *Vesalii Icones* and *Eight Songs for a Mad King*, brought him more celebrity and (briefly) notoriety than anything else he has written to date. Their coupling in a single programme is an obvious, perhaps too obvious, temptation and for the last of this season's Arts Council Contemporary Music Network tours the Fires of London is taking both works around the provinces. On Sunday they began the expedition *at the Round House.*

Anyone who experienced *Vesalii Icones* as danced by William Louther will know the punch the work can pack; genuinely shocking, transfixing in an alarmingly vivid way. The present staging is danced by Mark Wraith and choreographed by Ian Spink, and memories of Louther's physicality and menace are never entirely replaced by the glosses of the new conception. Wraith is a gentler, more intimate dancer than Louther, replacing passion by compassion and folding himself around the solo cello line, superbly played by Alexander Baillie.

The ending—the resurrection of an Antichrist rather than the Christ whose passion has previously been enacted — is thrown away in the appearance *of a camp, Ortonesque figure*, who neither scandalises nor terrifies. The violence that lies just beneath the surface of the score is here thoroughly repressed, and at least one layer of meaning in this many-layered score is minimised; few of the dances begin with the assumption of the position of the Vesalius engraving, and as a result the whole conception becomes much less tightly organised.

The passing vulgarities of the choreography, as well as the doleful acoustic of the Round House, which dampened the most reverberative textures, made for a positively underwhelming performance. But *Vesalii* is a strong enough work to survive even such unsympathetic surroundings, and its musical strength alongside the *Eight Songs* was never more sharply pointed. Michael Rippon's singing of the songs of George III seems to me wrong-headed in almost every aspect. He pays scant attention to the precisely notated vocal lines, preferring to run through a repertory of comic voices which brought laughter where the work demands pathos and lack of dramatic focus elsewhere.

Mr Rippon's cause is hardly helped by the present staging, which seems to rely on the indications in the score for all *its ideas. The four cages that* house the instrumentalists were far too close together; much of the acting area was left—unwisely—for the King to strut and posture. But a "production" which can get wrong the work's single most dramatic moment, the King's breaking of the violin, his ritual acceptance of insanity, cannot be forgiven, and nor can Mr Rippon for his uncomprehending shrug which greeted that act. Tight, accurate playing from the Fires conducted by John Carewe, but the excitement which one remembers from earlier performances was never suggested.

Barbican Hall

Abbado and Ashkenazy

by MAX LOPPERT

We shall probably be tempted to "review" the Barbican concert hall, for some time to come, quite as much as the musical performances given there. In the nature of things, this is inevitable, indeed proper: ears (especially London ears accustomed to hearing its orchestras placed in quite different acoustical perspectives) need tuning and retuning, especially if their owner's seat position changes with each visit. From a seat *farther back on the left side of* the stalls than for the opening last week, I found the Barbican Hall's sound picture notably altered in some particulars, yet still imbued with distinctive and pleasingly warm presence.

For its piano concerto at Sunday's concert (to be repeated during the coming week), Ashkenazy the London Symphony under Abbado had chosen Prokofiev's Fifth. It is a work in which from first note to last the piano asserts, sometimes by leaps and bounds, sometimes in furious bursts of force; and it was *unexpected to find the* piano's assertion here somewhat diminished by the *muting of* solo instrument relative to orchestra, particularly if one knows the pianist's formidable and scintillating command over the piece from any previous encounter. The piano sounded "backward": once one got used to it, the effect was not unpleasing, though it reduced somewhat the sense of virtuoso solostic zest redeeming Prokofiev's pallid melodic inspirations.

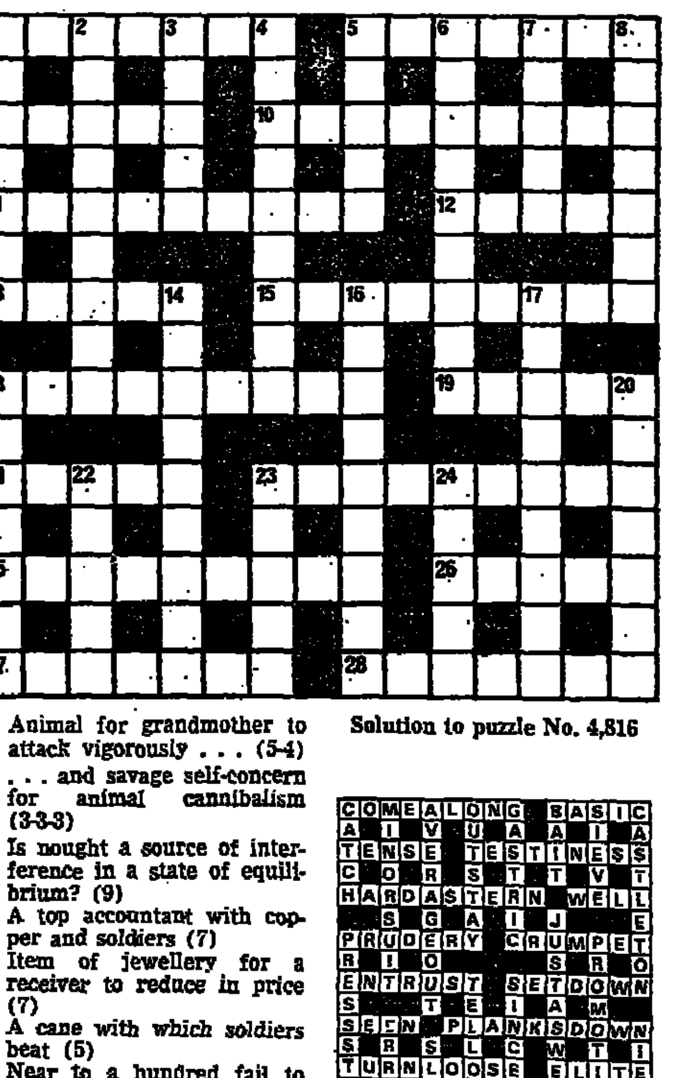
The concert began with a rather unsmiling, very precise account of Rossini's *Italian Girl* Overture; and ended with the Brahms First Symphony, in which the orchestra gave at last a salute of confidence in the tonic effect of its new home. String playing whose earlier plain-toned quality one was ready to ascribe to the acoustics gained warmth, substance, variety of colour; indeed, the whole performance took wing. *It was a reading of force and* fire, combining dramatic projection, *lyrical characterisation*, and genuine symphonic breadth —in my own experience, Abbado's Brahms has in the past carried an inhibitingly dutiful, respectful persona which it here resoundingly shed. (If only he could be persuaded to seat the violins antiphonally, Boult- and Kempe-fashion, how much more charge the argument would acquire!) We shall have little to complain of if all the LSO traversals of a safe and predictable repertory at the *Barbican in the next few months* turn out to be as stirring as this.

1982 Reith Lecturer named

The 1982 Reith Lectures will be given by Professor Denis Donoghue, holder of the Henry James Chair of Letters at New York University.

The six half-hour talks, on *Radio 4*, will be about the failure of contemporary arts *criticism. They begin on Radio 4* in November and will be repeated on Radio 3 and also reprinted weekly in *The Listener*.

F.T. CROSSWORD PUZZLE No. 4,817



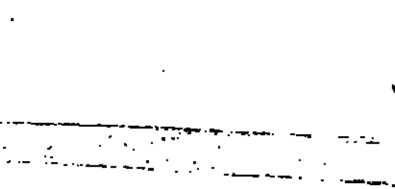
ACROSS

1 Criticise star performer with a remedy for everything (7)
5 *A citizen to make liable* (7)
9 Keep a tractor (5)
10 Ancient British chief needs a bird in transvestite clothing (9)
11 Rendered drunk (9)
12 One who runs away to mock (5)
13 Terriers and family and a goat-like animal (5)
15 Inveterate habit caught in the act of summing up (9)
18 Domestic pets constantly quarrelling (3-3-3)
19 Doctor a single idle fellow (5)
21 Scratch a hot dish (5)
23 A letter of reference (9)
25 Do I meet or make a latent shooting-star (9)
26 A safe flag (5)
27 A number of players take *note about the net* (7)
28 Flower in golden vessel (7)

DOWN

1 Remove the stone from a small lump with palpitation (7)
2 Fresh place of sale for game (9)
3 Weight of article in vehicle (5)
4 A morning getting through the contents of a beach & this is it (9)
5 Synonym on Ordnance Data in a meeting (5)
6 Impudent without a yashmak (9)
7 Keen we hear, but a bore (5)
8 Shoot right in the sinew (7)
14 Animal for grandmother to attack vigorously . . . (5-4)
16 . . . and savage self-concern for animal cannibalism (3-3-3)
17 Is nought a source of interference in a state of equilibrium? (9)
18 A top accountant with copper and soldiers (7)
20 Item of jewellery for a receiver to reduce in price (7)
22 A cane with which soldiers beat (5)
23 Near to a hundred fail to win (5)
24 Horrify a soft friend (5)

Solution to puzzle No. 4,816



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Tuesday March 9 1982

Questions on Trident

MR JOHN NOTT, the Defence Secretary, says that the critics of the renewal of Britain's independent nuclear deterrent are gaining ground because the Government has not recently joined in the argument. The Government will come into the open shortly when it announces its chosen successor to Polaris—almost certainly the Trident D5, the submarine-launched missile already selected for the U.S. by President Reagan.

Perspective

All that is about par for the course. In the past, British administrations have reached their decisions on nuclear weapons policy within a tiny group of ministers and officials, and then defended them more or less successfully in public. Yet a decision to replace Polaris with a more devasting system designed to last through the first decades of the next century is rather more momentous than simply prolonging the life of the system we have. It deserves wider discussion, before rather than after the event.

One factor worth considering is the historical perspective. When Britain first began to develop atomic weapons, she was still a great power, albeit beset by turmoil in Europe. The Americans, of course, soon caught up and surpassed us. But there was then another factor which helped keep Britain in the nuclear league. The two countries had developed the weapons together and between them had won the war. It thus seemed a natural part of the special relationship that the U.S. should enable Britain to remain an atomic power more easily and more cheaply than would have been possible by our own efforts.

In the early 1980s, however, the perspective is different. The record of at least the last 30 years has been one of relative British decline. The Britain that may now embark on a replacement of Polaris is a medium-sized European power.

This raises several questions: nuclear proliferation, for a start. The Government says that it is against it. But if at the same time it defends the independent deterrent by saying that there might be occasions again when Britain will have to stand alone, it is hard to see why other countries should not use the same argument. There cannot be indefinitely one rule for Britain and another for (say) Argentina or Brazil.

The theory of deterrence—that is, that if you have a deterrent, you won't have to use it—has also tended to be overtaken recently by looser talk of a nuclear war being fought. That alone should underline the serious nature of the forthcoming decision.

Alliance

Yet it seems to us that in the British case the central question is rather different. It is: what is the value of the British deterrent to the Atlantic Alliance as a whole? The alliance has done more than anything else to preserve peace in Europe for the last three decades and the main objective of British foreign policy in future must be to cement the alliance. The fact is, however, that it has never been established how far our allies believe that the independent deterrent is the best contribution that Britain can make. That should be a matter for consultation, especially when economic constraints are limiting conventional defence. It may be that it is time for a new division of labour—and of expenditure—within the alliance.

It is also odd that the British decision should be being taken in isolation from the French, the other European nuclear power. At the very least, there should be discussion between the major allies about what Europe wants for its defence in the year 2,000.

Consent

The last point is that it is questionable whether Britain should announce a devastating new weapons system when President Reagan appears to be about to launch a new initiative on strategic arms control. In short, the case for the need to reach a decision on replacing Polaris now is not proven. The decision will be of fundamental importance for a generation: It needs to be based on a wider consent than the Government has secured so far.

German labour true to form

A GREAT deal of huffing and puffing on the West German industrial relations scene has come to a surprisingly meek end. The unions are living up to their tradition of moderation. They are also putting jobs ahead of wage increases—hardly surprisingly if one considers that the seasonally adjusted unemployment figures have risen from 1.4m in September 1981 to 1.6m this January.

The key bargain was struck in North-Rhine Westphalia, the Ruhr state, between IG Metall, the country's largest union, and employers in the engineering, electrical and vehicle building industries. It awards rises of 4.2-4.5 per cent, which means that IG Metall, for the second year in succession, is willing to forego real pay increases.

Undermined

The agreement must come as a tremendous relief to the Social Democratic-Free Democratic coalition Government of Herr Helmut Schmidt. It has had little to crow about of late. Divisions within the coalition were made starkly evident during a protracted wrangle about a modest reflation programme, now adopted. Matters have been made worse by the uproar caused when it became known that the public prosecutor is investigating accusations—all of them staunchly denied and as yet unproven—that several ministers and high officials accepted donations for party funds in return for giving tax concessions to individual businesses.

These events undermined the reputation of West Germany as a country that is both efficient and well run. Against that background, the metalworkers' settlement is of more than passing significance. It appears to show that West Germany retains one of the main strengths that have for so long sustained its economy—the ability of labour and management to arrive at a consensus.

More immediately, the containment of labour costs will make it easier for the Bundesbank to reduce interest rates. The need to do so has been pressed for some time by Chancellor Schmidt. But the Bundesbank is its own master in these matters and has moved only cautiously.

Some of the facts assembled in its latest monthly report, taken together with the moderate wage round, imply that the bank may now feel that it has increased leeway. The report points out that the external current account has been improving steadily since the record deficit of DM 29.5bn (about £6.9bn) in 1980, and says that there are justified hopes that current payments will be in balance this year.

Innovation

The improvement has been achieved largely through higher exports to the oil producing countries. For 1982, the Bundesbank also expects enhanced demand for German products from the industrialised countries of the West. Both points raise some questions. Recovery in the West is, as yet, only a hope. More important, the downward pressure on the world oil prices may severely reduce Opec's appetite for German industrial equipment.

There also are doubts whether German industry has done enough to steel itself for the challenges of Japan and of industrial innovation. One of the secrets of the German industrial resurgence after the War was the purchase of foreign, mainly American technology, which was applied with characteristic attention to detail both in design and marketing.

That strategy will be difficult to repeat. Much will therefore depend on homemade innovation. In that area things do not look too well. German excursions into computer technology have not been especially successful; the nuclear industry is under a political cloud; and, though there have been some successes in the development and application of robots, West Germany is not in the van of microchip technology.

Imaginative

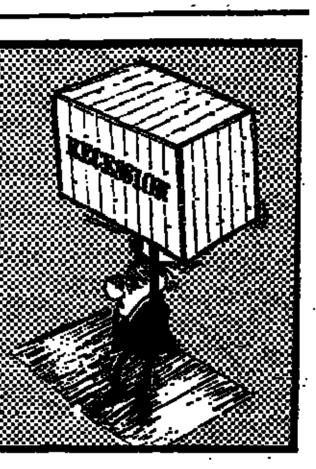
These weaknesses need not be fatal. But remedying them will require both an entrepreneurial leap forward and money which many highly geared enterprises may not easily raise. Business confidence is not especially strong at this time, though industrial investment has, in fact, held up quite well. The new reflation programme is intended to support it by offering investment premiums and by shifting more of the burden of taxation on to consumption.

A basis therefore remains to make imaginative use of what all along has been a main asset of German industry: a highly skilled labour force, which, in general, has been moderately led.

WRESTLING WITH RECESSION—2

'Hacking' a path to recovery

As British industry waits to hear what help it will receive in today's Budget, **John Elliott** returns to the 15 companies profiled in the FT's 1980 series, Wrestling with Recession, to see what productivity gains they have made



SALES PER employee in Tootal's UK factories have gone up 30 per cent in the past year. Trading profit per employee has risen by around 60 per cent. Both improvements are a result of wide-ranging cutbacks introduced by the company.

Wiggins Teape's output of adhesive and photographic papers has risen by about 13 per cent in terms of tonnes per man during 1981.

At GKN's Brymbo engineering steel works in North Wales the hours needed to produce a ton of finished steel have been reduced from 10 to 7.7 in two years by a £2m melting shop investment. The 2,200 labour force has been cut by 700 and labour flexibility has been vastly improved.

Virtually all the 15 companies included in the FT's Wrestling with Recession series 18 months ago have made such economies.

Most talk in terms of immediate productivity gains of 10 per cent or more. Labour and other costs have been cut by up to 15 to 20 per cent. At least three or four companies have cut so deeply that, quite independently of each other, they described what they had had to do as "hacking" through their organisations.

The 53,000 jobs that have been lost in these companies alone are a measure of this "hacking." And none of the companies expects to take much labour on for at least a year or two.

There are a few exceptions—Northern Engineering Industries, for example, is recruiting for nuclear plant work at Gateshead but says that, otherwise, "we only really expect small fluctuations around our current levels."

Mr John Young, managing director of Weir, which has turned itself round after its spectacular near-collapse a year ago, says of its pumps business: "We've got our labour requirement and the size of the workforce more or less in balance and when orders pick up—though there's no sign of an upturn in the UK—we should get the productivity." The labour force in the pumps business has dropped from over 4,000 in 1979 to 3,300. Total group employees are down from 8,200 to 5,200.

Some of the companies—IMI, Tootal, Croda, Johnson and Firth Brown and Gestetner—are likely to declare more substantial redundancies this year, even though almost all the companies say that their major surgery is completed.

Despite the hopes that Ministers pin on small businesses for Britain's industrial revival, there is no sign that the two smallest and most successful of the 15 will take on any more than a handful of employees. Dale Electric's *labour force is more or less* constant at around 1,000 employees (the company is expanding more abroad than in the UK) and Digico's is around 200.

But Digico's does show how a high-technology company has managed to ride the recession with little apparent concern. Its top management is not even sure that it has been affected at all—though the company realises that it must have lost some orders. But it is an expanding business — making computers — and even companies strapped for investment cash have been spending a few thousand pounds on Digico's sort of products.

Digico's growth has slowed from a forecast 50 per cent a year to about 30 per cent so its turnover of £2.6m in 1979 and £3.5m in 1980 is expected to hit £6m this year. Last March it raised £2.3m equity for investment from 30 City institutions through Fleming's, the merchant bankers, and it is now owned 60 per cent by outside interests and 40 per cent by the directors.

Having chosen its niche for expansion, Digico launched a £1,500-£4,500 micro-computer last August and has been amazed to receive 350 orders already. A Mark 2 version is now being launched and Digico is also moving successfully towards bridging the gap both between individual micro computers and between mini and main frame computers.

Another company happy with its record is Croda, which last week beat off a takeover bid from Burmah. Its chairman, Sir Freddie Wood, is now about to launch Croda on a second cost-cutting and slimming-down exercise in order to meet pre-tax profits forecast of £16m to £20m issued for 1982 during the bid battle (1981 profits are expectd to total £10m).

In the past two years, six gelatin and ink-making factories have been sold, £5m has been realised from sales of shareholdings in other companies and surplus property, and £10m has been cut out of working capital, mainly through a drive on stocks. These moves were in line with a policy decided by the Croda board in August 1980.

"Now we have launched Counter Attack 1982 to do the same thing again, looking at all our manning levels, capital expenditure and expenses," says Sir Freddie. The 5,000 UK labour force will be reduced, but not, it is expected, by as much as the 25 per cent cut in the past two years.

But the less optimistic side of what has been happening is evident in some of the cutbacks companies have had to make. Apprenticeships, for example, have been hit in companies like Jones and Shipman (see below) and in GKN, which has also had to sack a few apprentices when closing factories. Some managers hope, however, that changing technology and new training arrangements will eventually offset that loss.

Research and development has also been cut back a little in such companies as GKN and Weir while Gestetner, which says it needs to increase its expenditure considerably, would like the Government to provide more financial incentives.

Capital investment has also been cut in some companies as well as being switched abroad by businesses like GKN which started to change its international balance in the early 1970s.

The problems that cutting investment can create are graphically put by Mr George Hardie, finance director of Johnson and Firth Brown, which invested only in line with its rate of depreciation (£5.7m) in 1981 instead of at 1½ times that rate.

"That's all right for a year or two, after our previous heavy investment programme, but in a year or two more, if we can't find the funds for reinvestment, then we just get weakened and can't compete. Then one might have to drift out of things again," he says.

Johnson and Firth Brown also provides an example of how it can still be difficult to achieve productivity gains. It set out last year to reduce its major Firth Brown' special steels subsidiary labour force of 4,350 by 1,400. It still has to achieve the last 250 redundancies and also wants to make further savings of 17 per cent on payroll costs which the trade unions involved say would mean a further unacceptable cut of 500 jobs.

"Firth Brown is still not profitable or as productive as our international competitors and it is difficult to see how it can become so without further savings," says Mr Hardie. "If anything is to come of this recession we must be able to compete in international markets."

That point touches on the issue on how permanent the productivity savings really are. Some companies are already worried that labour relations have not been significantly transformed. "You'd have thought in the past two years that we would have cracked this 'fitter and his mate' syndrome but it's still sticking in some places," said one senior manager in the engineering industry.

The first question is whether gains that have been achieved will stick when the upturn comes. The second is whether the productivity improvements are *just once-and-for-all gains* or whether (as seems less likely) the habits and motivations of managers, workers and trade unions have been so significantly changed that Britain will be permanently better at seeking out new markets, at introducing new products, at making cost-cutting savings, and at improving labour efficiency.

Only if there has been such a fundamental change will Britain's poor productivity record be permanently improved as a result of what several *companies call the* "traumas" of the past two years.

UNITED BISCUIT

'People still have to eat, thank God'

UNITED BISCUITS has not been hit as hard as more traditional manufacturing companies. "People still have to eat in a recession, thank God," says Sir Hector Laing, the chairman.

But it has still chalked up a 10 per cent saving on the man-hours taken to produce a ton of biscuits during the past two years. Its biscuit company's labour costs have been cut by 12 to 15 per cent and the cost of materials used for packaging biscuits has been cut by about 5 per cent (£1.1m) in the past three years.

In 1950 it took 126 man-hours to produce a ton of basic biscuits. Today the figure is 25 man-hours but the target, with more automation, for 1984 is 10.

United Biscuits' food company is moving gradually towards a major change in working hours with the eventual aim of employing only part-timers.

Each employee will work 25 hours a week and the factory will operate for 75 hours a week. This is expected to suit female workers (90 per cent of the 5,000 employed now are women). It will also mean that 1,200 more people could be employed, while saving the company meal break costs and other extras.

Although trade union agreement has not yet been gained, the co-operation of unions and shopfloor workers has been important in the other savings. People are not usually replaced when they leave—their jobs are taken by existing workers under general flexibility

The only major cutback—which shed 1,700 jobs—has been the closure of a cake and frozen food factory at Osterley, West London. Cake production there was abandoned, but the frozen food business was integrated elsewhere at a cost of £10m, which the company says will be recouped in two years.

Shopfloor redundancies have totalled some 3,000 out of 14,000.

Other savings have been made by rationalising distribution and other support activities.

WEDGWOOD

The tea cup proof of productivity

WEDGWOOD'S shopfloor labour force in the UK has been reduced by 25 per cent over the past two years from 7,000 to 5,250.

But days worked are down by 30 per cent because of short-time working.

Direct labour costs now account for 25 per cent instead of 27 per cent of the total cost of making, for example, a tea cup.

In addition, staff has gone down by 18 per cent from 2,600 to 1,300. Overall overheads have been cut by 19 per cent.

Four factories have been closed and their work concentrated in the remaining 15. Generally the factories are now working at only 70 per cent of full capacity compared with a peak approaching 90 per cent from 1977 to 1979. An improvement up to 75-80 per cent is hoped for in 1982-83.

Further productivity improvements are being sought through work study schemes and greater use of quality circles which Wedgwood helped to pioneer in the UK.

But Mr Peter Williams, Wedgwood's deputy chairman, has reservations about the impact of the recession. Not only does he believe that it has proved a "hard way to win a limited objective," but he also thinks that Wedgwood is not the sort of business that can obtain dramatic productivity improvements quickly.

He is also concerned about the impact of high interest rates. He says that Wedgwood's £2.4m bills for interest charges on working capital would have been £700,000 higher in the past two years if it had raised the finance in the UK instead of going to Japan and Germany.

But he argues it is "not sound policy" to finance capital expenditure in foreign currencies. The 15 to 16 per cent Wedgwood would have had to pay in the UK would have been twice as much as the company considered worth while for such expenditure. So capital investment has been cut to £1.5m-£2m from the £4.5m-£5m annual rate that would have been justified on the usual calculation of fixing capital investment at 1½ times the rate of capital depreciation.

JONES AND SHIPMAN

Four-day week for a year

JONES AND SHIPMAN, machine tool manufacturers of Leicester, reduced its workforce from 1,550 to 1,150 in 1981 at a net cost to the company of £600,000. That will save it £2.4m in wages a year. But it is not regarded as a good bargain by a company whose UK order intake has dropped by 50 per cent.

The workforce has been on a four-day week for a year and may well not get back to normal working before the autumn.

At the start of the recession, the company survived on its strong order book, but then decided to build for stock to keep its skilled labour force together (like Dale Electric profiled yesterday). It built up a £2m stock of machines which are now scattered in markets around the world waiting for buyers.

Profit margins have been dramatically reduced. Pre-tax margins have fallen from 15 per cent of sales a couple of years ago to only about 5 per cent now. Optimists in the company hope for 10 per cent this year—but that depends on orders that have not yet materialised.

The company says it is *very hard to sell machine* tools when customers themselves have very small order books and when there are a great many good value second-hand machine tools on the market

Capital expenditure has been reduced from about £1.5m in a routine year to £100,000, but research and development has been kept going, helped by four Department of Industry grants under the Microprocessor Applications Programme and the Product and Process Development Scheme which are providing £800,000 income over three years.

Apprentices, normally recruited at a rate of about 40 a year, dropped to 10 last year and there may be no new ones this year.

There are no discernible improvements in productivity because of the continued four-day week, which may also sour labour relations soon.

Men & Matters

Credit Data in the red

Though its shareholders are unlikely to see the joke, news that Credit Data, the country's second largest credit reference agency, has itself run out of credit has been greeted with a certain amount of ribaldry.

The receivers have been called in to the Manchester-based company, founded by solicitor Paul Brooks some 10 years ago. Financial problems have haunted the company since Brooks paid £1 to take over the older and larger British Debt Services agency, together with its debts of nearly £2m, in 1976.

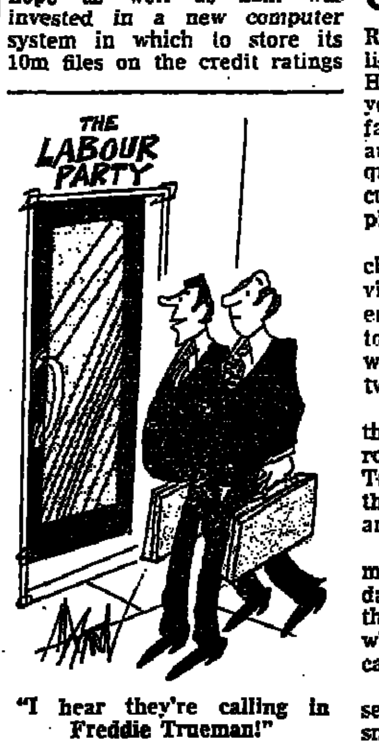
The company's Stock Exchange listing was suspended the same year and, despite a short-lived return to profitability, another £1m was lost between 1978-80.

After a "speculative" rights issue of £1.26m considerable hope as well as £2m was *invested in a new computer* system in which to store its 10m files on the credit ratings of potential customers of retailers, mail order houses and finance groups. A series of delays—even the electricity supply went on the blink—reduced Credit Data's share of a declining market as the recession hit consumer demand.

The receivers, appointed on behalf of the company's bankers, Barclays, have accepted, subject to contract, an offer from United Association for the Protection of Trade for CD's reference agency business.

If the deal goes through the non-profit seeking UAPT, with more than 16m files on its central register at Skelmersdale in Lancashire, will have a virtual monopoly in its field.

Whatever money the receivers may get from UAPT, they say, it is however, unlikely to be enough for any payment to be made to shareholders.



"I hear they're calling in Freddie Trueman!"

Cross country

Roy Jenkins appeared bathed in light for the opening of the Hillhead by-election campaign yesterday—largely due to the fact that the Alliance candidate and his team have been quartered in a derelict school cum social centre which is completely boarded up.

Jenkins was not given much chance to illuminate his own views at the first press conference. Reporters had to scurry off to the Labour Party's conference which started 30 minutes later, two miles away.

David Wiseman waited for them sporting a large red rosette and a welcoming smile. Take the rosette off; take everything off Wiseman save his smile and he weighs 19 st 6 lb.

It will be interesting, remarked an 11 st 6 lb reporter, dashing the two miles back to the Scottish Nationalists, to see who loses more weight in this campaign, politicians or press.

The SNP's George Leslie was serving up his sentiments in a small shop in the Dunbarton road which had probably never seen so many customers before. The Scottish national flag drooped from the door and inside, trinkets and plaid scarves were also on sale.

Conservative Gerry Malone thoughtfully gave the breathless pack a chance to reorganise afterwards, waiting until the evening to enter the fray from a Victorian house near the university.

Economic move

Even Margaret Thatcher, I suspect, would think twice about moving the Treasury from Whitehall to Clapham Junction. But President Mitterrand has ordered an equivalent move in Paris for the Ministry of Economy and Finance.

Ever since the death of Napoleon III, the administration has occupied the north wing of the Louvre. Now the 3,000 civil servants are being shifted to the unfashionable 12th arrondisement behind the Gare de Lyon. And the 40,000 square metres of palatial anterooms they occupy are to become part of the museum.

The two ministers who have offices there, Jacques Delors (Finance) and Laurent Fabius (Budget) wanted to move to the Quai Branly in the shadow of the Eiffel Tower where some temporary buildings could have been turned into a more imposing edifice. That would have kept them within easy reach of the other main centres

Most top civil servants would have preferred alternative sites nearer the smart residential areas in the west of Paris. But they did not get their way

The final decision to move the department further up the Seine in a bid to upgrade a part of the capital shunned until now by government and big business, reflects an unusual entente cordiale between Mitterrand and his most powerful political enemy, the neo-Gaullist Mayor Jacques Chirac. Neither, incidentally, is planning to move himself.

Top gear

Not least of the headaches for the U.S. motor industry is that all the new "downsized" (smaller) cars it is rushing to produce are bringing with them a whole range of new components for dealers to stock.

The current estimate is that within five years there will be at least 20,000 more, or an increase of around 20 per cent for the automotive aftermarket to handle. And once they have been introduced, they simply don't go away.

Richard Teasel, vice-president of research and development for Champion Spark Plug Company, emphasises this point rather neatly. "The unfortunate fact is," he says, "that once a new part is introduced, it may be in the parts line literally for ever. For example, the Model 'T' Ford has not been made since May 1927, yet last year we made and sold 17,469 spark plugs for these vehicles throughout the world."

Spare part

From the hard-pressed U.S. motor industry, too, comes this story of a Chrysler-Plymouth dealer in the Mid-West who hadn't made a sale for a week.

In desperation, and being a religious sort of man, he threw himself onto his knees in the dust outside his showroom and raised his hands to the sky to plead: "Oh God, if you have any feeling at all for me, please, please make me a Japanese car dealer."

There was a thunder-flash of a terrible kind and when the smoke cleared he found he was a Chrysler-Plymouth dealer in Yokohama.

Observer

THE KREMLIN SUCCESSION

The KGB puts down a marker

By David Satter in Moscow

HISTORIC changes are sometimes ushered in by chance events but no bit player ever seemed less likely to stumble on to the stage of history than Mr Boris Buryatia, a singer in the choir of the Bolshoi Theatre and the reputed lover of Mrs Galina Churbanov, the daughter of Mr Leonid Brezhnev, the Soviet President.

Mr Buryatia was arrested on January 29 after diamonds taken in a major diamond theft were found in his possession. But the outcome of his individual case pales in significance compared to what his arrest appears to represent: a direct and unprecedented challenge to the Brezhnev leadership by the KGB.

In the almost 18 years since Mr Brezhnev and Mr Alexei Kosygin, the late Soviet Prime Minister, took power, such challenges to the party leadership from any quarter have been exceedingly rare and there is no expectation that this one will undermine Mr Brezhnev's political strength.

If anything, Mr Brezhnev's political hold is believed to have been tightened with the appointment of his long-time associate, Mr Nikolai Tikhonov, to succeed Mr Kosygin as Prime Minister and the positioning of Mr Konstantin Chernenko to take over as chief party ideologist following the death in January of Mr Mikhail Suslov.

The arrest of Mr Buryatia, however, is important because the KGB, the army and the party apparatus are the three groups which will determine the Soviet succession. The readiness of the KGB, following the death of Mr Suslov, to ignore the expressed wishes of the party apparatus and arrest Mr Buryatia was the first crack in a previously monolithic system and it suggests the sides have finally begun positioning themselves for the future struggle for power.

The KGB is under written instructions not to arrest any high party official or member of his family without the Central Committee's authorisation but Mr Semyon Tsvigun, the deputy head of the KGB, approved the arrest of Mr Buryatia without consultation apparently because he did not regard Mr Buryatia as a member of Mr Brezhnev's family.

According to sources who have been reliable in the past, Mr Suslov was enraged over the order to arrest Mr Buryatia, apparently quashed it, and told Mr Tsvigun that he was finished for making such a mistake and he had nothing left to do but to kill himself. Mr Tsvigun committed suicide and Mr Suslov suffered a stroke and died a short time later.

This version of events is consistent with the system of political protection as it has evolved in the Brezhnev era. Although an ascetic himself, Mr Suslov was believed to have sought to protect the party elite and to have opposed the proferring of criminal charges against any party official above the rank of *oblast* (regional) first secretary.

Mr Alexander Ishkov, the Soviet Minister of Fisheries, was never charged in a multi-million dollar caviar exporting swindle in which his deputy ministers were arrested and the entire leadership of the ministry was believed to have been involved. In the mid-1970s, Mr Eduard Mzhvanadze, the former first secretary in Georgia, was removed from his post but never tried for massive speculation in diamonds and hard currency.

What was unprecedented in the case of Mr Buryatia was not that Mr Buryatia had long thought himself to be protected but rather that the KGB felt the death of Mr Suslov undermined the authority on which his protection had been based. By arresting Mr Buryatia on the day of Mr Suslov's funeral, the KGB was also signalling that corruption will almost certainly be an issue in the power struggle to come.

The Brezhnev era, which is now drawing to a close, has witnessed the longest period of political and economic stability in Soviet history. When the Brezhnev-Kosygin "collective leadership" came to power in 1964, it sought to eliminate the abrupt changes in policy and high turnover of party cadres that had characterised the Khrushchev era. Having inherited the party apparatus which Mr Khrushchev established, Mr Brezhnev won party leaders over by guaranteeing them unprecedented job security.

In almost 18 years, there have been only seven demotions from the ruling Politburo and in only one case, that of Mr Pyotr Shelest, the former Ukrainian party leader, was the demotion believed to have stemmed from a difference over policy. Mr Shelest was said to have opposed the visit of U.S. President Richard Nixon to Moscow in 1972, following the mining of Haiphong Harbour.

KONSTANTIN CHERNENKO
no personal base of authority

LEONID BREZHNEV
hold may have been strengthened

In general, those who bowed to the collective will retained their posts and what was true for the Politburo where the average age rose to almost 70 and the 319-member Central Committee where it crept up to almost 65 was also true at every level of the party hierarchy all over the country. The immobility all but blocked possibilities for the promotion of younger men.

Now death is beginning to claim leading members of the Soviet hierarchy and it might seem that the main centres of Soviet power—the party apparatus, the army and the KGB—would seek to decide on a pattern for the country's future. The promotion of Mr Chernenko, Mr Brezhnev's personal aide, following the death of Mr Suslov, however, is a sign that the party apparatus, for its part, seems to have no plan for the future except to prolong the present. The KGB's arrest of Mr Buryatia may have been the symbolic assertion of their right to a future say.

Mr Chernenko has no personal base of authority but owes his career entirely to the patronage of Mr Brezhnev. The two men met in the early 1950s when Mr Brezhnev was the party boss in Moldavia and Mr Chernenko was in charge of propaganda in the republic. Mr Chernenko's career has progressed with Mr Brezhnev's ever since.

Mr Chernenko was already Mr Brezhnev's personal aide in 1960 when Mr Brezhnev was chairman of the Presidium of the Supreme Soviet, a largely ceremonial post, and after Mr Brezhnev became party leader in 1964, Mr Chernenko became head of the "General Department" of the Central Committee. Mr Brezhnev and Mr Chernenko began to work so closely together that Soviet officials who were unable to see Mr Brezhnev raised important problems with Mr Chernenko instead.

In 1976, Mr Chernenko became a party secretary and two years later, a full-voting Politburo member despite his lack of an independent base of power. At the 26th Communist Party Congress he was listed in the order of party secretaries behind Mr Brezhnev, Mr Suslov, and Mr Andrei Kirilenko, the top party official for economic and industrial policy.

Since the death of Mr Suslov, Mr Chernenko has become the obvious choice of the party apparatus to succeed Mr Brezhnev. Editors of newspapers and journals and other officials in the ideological sphere have been told to refer all questions which require authorisation from the Politburo to Mr Chernenko, a sign that he is likely to be confirmed as the Soviet Union's new chief ideologue at the next Central Committee plenum this month.

Mr Chernenko, as the chief Soviet ideologist, will have greatly strengthened his position in the post-Brezhnev competition because for the first time he will have a group of organisations under his direct control and he can fill the most important jobs with his own appointees.

The Brezhnev era brought stability to a society exhausted by constant change but it also frustrated the ambitions of thousands of party careerists anxious to get ahead.

The combination of a lack of upward mobility and unaccustomed job security during the Brezhnev era bred arrogance and a tendency toward the abuse of power, which was exemplified in the behaviour of Mr Buryatia, who was known in Moscow by his green Mercedes, his mink coats and the boast that he was above the law.

Against this background, it is by no means certain that even with the Brezhnev's groups backing, Mr Chernenko can hold on to power if, in the immediate aftermath of Mr Brezhnev's death, he is able to gain it.

Mr Khrushchev used deStalinisation to rid himself of political rivals and if the younger men in the party apparatus in alliance with the army or the KGB decide to contest Mr Chernenko's claim to power, Mr Buryatia's arrest suggests that one of the ways in which they will probably do so is by levelling charges of corruption against the old ruling elite.

The forces likely to oppose the accession of Mr Chernenko would almost certainly have to rally around one of the existing Politburo members because only a Politburo member would have a broad enough base to make a bid for power a plausible possibility. Only a handful of the existing Politburo members, however, are believed to stand any real chance of acceding to power.

Mr Nikolai Tikhonov, the Prime Minister, Mr Vladimir Shcherbitsky, the Ukrainian party leader, and Mr Dinmukhamed Kunaev, the Kazakhstan party leader, are all thought, like Mr Chernenko, to be the clients of Mr Brezhnev and unlikely to challenge Mr Chernenko in a struggle for power.

Mr Arvid Pelsche, at 83, is considered too old to succeed Mr Brezhnev and Mr Romanov, the Leningrad leader, although a possibility, is felt to be handicapped because his power base lies outside of Moscow. Mr Andrei Gromyko, the Foreign Minister, is probably too valuable as a specialist in foreign affairs. This leaves four plausible alternatives to Mr Chernenko — Mr Kirilenko, Mr Viktor Grishin, the head of the Moscow party organisation, Mr Dmitri Ustinov, the Defence Minister, and Mr Yuri Andropov, the head of the KGB.

Until recently, Mr Kirilenko who was in charge of the making of economic policy for the party and occasionally deputised for Mr Brezhnev was considered the strongest candidate to succeed him but Mr Kirilenko's influence appears to be fading and he has been less prominent in public in recent months. Mr Kirilenko, at 75, is also three months older than Mr Brezhnev and may now be too old to succeed him.

Many analysts believe that Mr Chernenko could ultimately be opposed by Mr Grishin, a colourless man about whom little is known besides the fact that he became the Moscow party boss in 1967 after spending his early career in the Soviet trade union movement. He would take over power as very much of an unknown quantity.

The conventional wisdom is that neither Mr Ustinov nor Mr Andropov could achieve the leadership of the party because although the army and the KGB are the two principal instruments of power in the country, the party has always guarded against their potential domination.

Whoever emerges as the victor may do so by winning the goodwill of Mr Ustinov or Mr Andropov. This is one of the reasons why the KGB, in the wake of the death of Mr Suslov, had the self-confidence to arrest Mr Buryatia.

Lombard

Britain's tactics in the EEC

By John Wyles in Brussels

THE OUTCOME of President Mitterrand's recent visit to Rome raises some interesting questions, if not doubts, about the British Government's tactics on the EEC budget issue. President Mitterrand's Government, it should be recalled, has done its best to poison relations with Rome by shutting out imports of cheap Italian wine. But after a day and a-half in Rome with a clutch of Ministers trailing behind him; he had the Italians eating out of his hand. More importantly, he left them highly sensitive to the wisdom of France's view on the need to make the minimum concessions to the UK on the budget.

M Mitterrand's trip to Rome followed immediately upon the Franco-German summit in Paris which built on the previous nine (yes, nine since last June) meetings with Chancellor Schmidt in restoring harmony and effectiveness to the Paris-Bonn relationship. It also left the Germans closer to sharing the French view that the UK's budget demands are excessive and likely to trigger an undesirable and very serious conflict.

Confident

Meanwhile, what has British diplomacy been doing? Lord Carrington gave a speech in Hamburg recently talking of the need for "patience, tolerance and restraint," and Mrs Thatcher is likely to have one of her two bilateral annual meetings with Chancellor Schmidt before the EEC summit on March 29-30. Mainly, however, the British seem to be content to sit in their tents polishing their armour.

Mrs Thatcher is passive while President Mitterrand is active because she believes that she has the whip-hand over Paris. France, the reasoning in Whitehall goes, needs an increase in EEC common farm prices far more urgently than the UK; but the French will run into a British stonewall unless they underwrite a budget deal acceptable to Mrs Thatcher. Paris is expected, therefore, to clear the way for a four- or five-year limitation on Britain's payments to Brussels, as the previous French government did in May 1980 when the temporary two-year arrangement was negotiated.

But it is just possible that the British may be taking too much for granted this time. Among other things it should be remembered that they are dealing with a different French President who, as Socialist Party leader, bitterly criticised his predecessor for making the 1980 agreement. Suppose that this French government will not give Mrs Thatcher satisfaction, suppose it tries to force through a farm price increase on a majority vote, suppose even that it resorts to national measures to give its farmers a price increase?

Then France will be responsible for gravely disrupting the Community, say the British, confident that they cannot be steamrollered by a majority vote on farm prices and that French national measures would be illegal. Quite so, but who would be politically isolated in the Community and whose standing would suffer most? Not necessarily France and the French, particularly after M. Mitterrand's latest efforts. France can get away with more in the Community for many reasons, not all of which can be countered by the British. But if the UK is isolated on the budget issue it will be partly because London has failed to put in the greater effort which is needed to build alliances among the Ten.

An idea

Yet last spring the British floated an idea which could have mobilised several others, led by Italy, and which might have put a different complexion on the budget negotiations. The idea was to aim for a more genuinely redistributive EEC budget which would transfer wealth from richer to poorer member states. The Community may well not survive without embracing such a principle which would not only ultimately benefit the British, but also offer greater gains to Ireland, Italy and Greece. But Britain campaigned for its own proposition with about as much hope and vigour as a Trotskyist seeking the stockbroker vote.

The UK once had a tradition of forging continental alliances in order to preserve a balance of power. She ought to revive it.

Letters to the Editor

Trade unions and the amendment on legal immunity

From the Director General Engineering Employers' Federation

Sir,—You report (March 4) that a number of employer organisations support a backbench amendment to the Employment Bill which would withdraw legal immunity from unions which did not exhaust the agreed disputes procedures before taking strike action.

Although attaching great importance to the observance of agreed disputes procedures, the Engineering Employers' Federation is not one of the employer organisations supporting this amendment. Indeed, in responding to the Green Paper on trade union immunities, the EEF pointed out that it would be counter-productive to fasten legal consequences to the operation of procedure agreements.

Since the 1960s the reform of industrial procedure agreements has deliberately followed the path of converting the old formalistic procedures (which were, indeed, very often breached) into less formal and more convenient ways of handling the business of bargaining. Such agreements would not easily bear the weight of legal inquiry as to whether in a particular case one side of the bargaining table or the other had been in breach of procedure or whether a breach of procedure at some point by one party had been condoned by the other. Another unwelcome consequence of removing legal immunity from breaches of procedure agreements might be that an issue arising between employees and their employer would be hurried through the procedural stages simply to avoid the risk of legal liability, rather than trying to resolve the issue; real negotiations would then only begin after the procedure had been exhausted, and under the threat of immediate industrial action. Finally, attaching legal consequences to the breach of procedure agreements could encourage unions to withdraw from those agreements—a development unlikely to improve industrial relations.

You also report that Mr Tebbit does not seem attracted to the concept of withdrawing legal immunity from unions which do not exhaust the agreed disputes procedure before taking strike action; and I believe that in this he will be supported by the majority of employers who are actually involved in bargaining. Reform of British industrial relations needs to concentrate on reducing the frequency and severity of strikes. For the reasons given, I do not think that legal penalties for the non-observance of voluntary procedures will help attain this objective. Many of the most nationally damaging strikes have been perfectly constitutional, in the sense that they have only taken place after the issue concerned has been properly progressed through procedure. Attaching legal consequences to the mechanics of procedure aims at the wrong target, and will not improve industrial relations.

Dr J. S. McFarlane,
Broadway House,
Tothill Street, SW1.

Massive devaluation required

From Messrs A. Mitchell MP, B. Gould, J. Mills and S. Stewart

Sir,—In the year ended in the first quarter of 1973 manufacturing output rose 13 per cent, output per person 15 per cent and output per operative hour 11 per cent. The increase of 7 per cent in output per person hour in the past year could well be accounted for solely by the effect of closures on the average; and the price this time has been rising unemployment, higher taxation, a fall in living standards and a permanent reduction in our rate of growth.

Our problems will not be solved in this decade unless there is a massive devaluation. The boost to manufacturing profits would then enable the Government to save £10bn-15bn by getting rid of capital allowances and stock relief, solving many tax demarcation problems at a stroke.

The time has come to replace computer models by a little common sense. This would tell us that real costs fall as output increases and that the margin of spare capacity is now so great that output could be increased by far more than is required to compensate for the deterioration in the terms of trade. The obstacles are political, not economic.

The need is for a stabilisation policy which would halt the rise in prices virtually overnight by compensating for the adverse effects of devaluation on costs. The massive transfer of labour and capital to manufacturing required could be achieved on a non-inflationary basis by remitting the whole of the national insurance charges for both employers and employed in manufacturing industry. This would cost £6bn. Other price and income stabilisation measures would cost about £12bn and employment subsidies about £3bn.

A recession is caused by too much saving and can only be ended by increased spending. What better way than give everyone money to spend and ensure through a competitive exchange rate that the spending is on British goods?

There are those who will say it cannot be done. The wish in most cases is father to the thought. It can be done, but it means reimposing control on the movement of capital and relying on, e.g., differential reserve requirements to restrict asset speculation. Half measures will not create 3,000 jobs a day for four years.

Austin Mitchell.
Bryan Gould.
John Mills.
Shaun Stewart.
House of Commons, SW1.

The Press in Nicaragua

From the Nicaraguan Ambassador

Sir,—I refer to the report titled "Nicaraguan newspaper becomes thorn in Sandinistas' side" (February 24).

Two years ago the chief editor and 80 per cent of the staff left the offices of La Prensa to form a new journal called "Nuevo Diario" in which the journalistic spirit of Dr Chamorro is carried on. La Prensa as it now stands is nothing more than an instrument at the service of those who for a variety of reasons are trying to label the Nicaraguan revolution, perhaps looking for some way to dispose of it, by calling it a copy of the Cuba revolution and in this way they are being subservient to outside power and internal manipulation.

Precisely because of the freedom of the Sandinista popular revolution the new La Prensa is not shut down. You will recall that in July 1981 half a million people out of a country of 2.5m people, requested their government to shut down La Prensa. Also: the majority of Nicaraguans are wary of the new La Prensa because it advocates conditional assistance to its Government from the Reagan administration.

Nicaragua has a Press code and it is because of violations of this code that the new La Prensa or either of the other two newspapers could be liable to be sanctioned.

Definitely the new La Prensa has a role to play in the revolution and precisely because of it my Government goes against the wishes of half a million people and encourages the paper to be at the service of the community rather than to the destabilising forces — assassins of weak nations.

Francisco d'Escoto.
8, Gloucester Road, SW7.

Europe's pulp prices

From the Director General, British Paper and Board Industry Federation

Sir,—I read with great interest the article (February 18) concerning movements in the price of wood pulp for paper-making. I thought you might like two supplementary comments in relation to the UK market as opposed to the European market in general.

It is not strictly correct to say, as far as the UK is concerned, that the pulp price has fallen. Although list prices of bleached long-fibred pulp may have risen at the end of 1981, the general view is that buyers anticipated what has now happened and did not actually purchase at the higher figure. It would therefore be more accurate to say that a projected price rise has not actually been applied.

Much more importantly, the sterling price of pulp did rise last year very sharply and remains today at prices never seen before—purely because of the exchange rate variation from \$2.30-\$2.40 to the pound in 1980 to \$1.75-\$1.90 in 1981-1982. Since wood pulp is sold in dollars, this fall in sterling value against the dollar increased the sterling price of bleached northern softwood pulp from approximately £235 per tonne to nearly £300.

J. H. Adams.
The British Paper and Board Industry Federation,
3, Plough Place,
Fetter Lane, EC4.

Going beyond Glasgow

From Mr K Cox

Sir,—Glasgow may not be the end of the road (Samuel Brittan, Lombard, March 1) as motorway links now make it possible to reach Inverness (via Stirling). Further north will be possible when the Kessock bridge is completed.

The financial institutions in Glasgow will consider it an honour to explain to southern pundits the other routes around the country, not necessarily covered by the Automobile Association, or the Treasury.

Kenneth Cox.
19, Clydeshore Road,
Dumbarton.

UK COMPANY NEWS

BTR ahead to £90m with boost from overseas side

BOLSTERED BY overseas operations and achieved on a 25 per cent sales rise, taxable profits of BTR, the energy, engineering, materials handling, plastics and rubber group, improved 28 per cent from £70.3m to £90.1m in 1981.

Tax took £27m (£23.1m) and minority profits a further £6m (£4m), which left stated earnings per 25p share some 21 per cent better at £23.9p (19.7p adjusted for last year's scrip and rights issues). From these the final dividend is 4.5p net, effectively lifting the total payment by around 22 per cent from 7.167p to 8.7p on the increased capital.

In reviewing these results, the directors say that international operations produced a higher contribution but there was a further decline in UK profits.

This fall amounted to around £4m, after taking out additional contributions from Huyck Corporation and Sereck. However, while the directors recognise that the situation int he UK remains difficult, they emphasise that the reduction in profits from that source would have been greater without the action taken on factory closures and reorganisation during the year.

Out of a total increase of £24.4m, which gave operating profits of £97.4m, organic growth for £5.5m after allowing for the UK downturn, acquisitions realised a £5.7m advance, inflation accounted for £8.2m and favourable exchange fluctuations amounted to £5m.

A rise in other income added a further £6.3m (£4.2m) to pre-tax profits, but finance costs absorbed £13.6m compared to £6.9m. Below the line there were extraordinary debits this time of £4.1m against credits of £1.2m and on a CCA basis, profits before tax totalled £81m (£61.8m).

An analysis of historic sales, £637.5m (£509.8m), and operating (£310m) and £37.7m (£39.2m), Western region £120.2m (£77.1m) and £29.5m (£16.2m) and Eastern region £163.7m (£122.7m) and £25.2m (£17.6m). Exchange fluctuations on turnover were £24.3m (nil).

Apart from the UK, other European operations enjoyed increased sales and profits, the directors report. The 82 per cent improvement in Western region profits was spread broadly across all operations, they say.

Shareholders' interests at the year-end showed a £38.1m improvement to £260.6m, while capital expenditure during the 12 months amounted to £75m, including £43m on acquisitions.

The most notable of these was Sereck, results of which have been consolidated for the three months of the year in which they applied, while a report on the acquisition is awaited from the Monopolies and Mergers commission.

Borrowings at the end of 1981 accounted for 30 per cent of funds employed, and net interest charges were covered 7.6 times by available profits.

The directors note that early in the current year the world's economic climate appears less bright than for some time. Nevertheless, they emphasise that the uncertainties in the year ahead will be faced with the same attitude that has brought the group a long-term record of consistently better than average results.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AAH	int.	2.1	March 31	1.91*	—	4.7*
Allied Intnl.		0.3†	—	—	0.3	—
British Vita		2.7	May 7	2.6	5.4	5.2
Davies and Metcalfe		1.4	May 11	1.02	1.97	1.47
Federated Land		2.59	—	2.25	3.69	3.35
Galliford	int.	0.7	April 1	0.56*	—	2.5*
Greenfields Leisure		0.5	April 30	1.31	0.5	2.15
Invergordon		2.5	June 2	2.5	4	4
IOM Enterprises		4	—	4	4	4
Jeavons Engineering		1.13	May 21	—	2.25	—
Murray Glendevon	int.	0.9	—	0.9	—	2.7
Parker Knoll	int.	2.5	April 16	2.5	—	7.5
George Scholes	int.	6	May 12	4	—	16.52
Sheldon Jones	int.	1.25	April 15	—	—‡	—
BTR		4.5†	May 21	3.67*	8.75†	7.17*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total forecast of 3.5p.

Invergordon down but payout held

TURNOVER and profits of Invergordon Distillers (Holdings) were both down for 1981 but the dividend is maintained at 4p net per 25p share with a same-again final of 2.5p.

Following a fall at midway from £2.11m to £1.81m, taxable profits finished the December 31 year behind at £3.81m, compared with £4.37m. Turnover declined by £3.86m to £20.78m.

Last September, in their interim statement, the directors said that if the poor trading conditions persisted, they expected little improvement in the rate of profit for the rest of the year.

Profit for 1981 was after interest charges of £1.05m, compared with £1.14m, and subject to tax of £499,000 (£436,000).

Earnings per share are given as 16.96p (20.17p) and the amount retained came through at £2.53m, against £3.15m.

On a current cost basis, the pre-tax figure is reduced to £2.56m (£2.77m).

● comment

The malt whisky glut continues, and Invergordon is having to restrict production of fillings even more than last year, when all four malt distilleries were shut for several months. There will be no real recovery until the blenders get their stocks into balance with lower forecast demand—which they cannot do quickly—but the turnround in grain spirit might be expected to come sooner, perhaps next year. Meanwhile, Invergordon has been able to rely increasingly on its own blended sales (largely export) and on distillation of neutral grain spirit, used for gin and vodka. The second half was a slight improvement on the first, higher exports outweighing slippages at home. At 158p the shares stand on an historic multiple of 16.5 times fully-taxed earnings and yield a mere 3.6 per cent. This represents an exacting valuation: Highland, which has a strong branded side in addition to its fillings, yields a point more. There is always speculation that Hawker Siddeley might decide to sell the 76 per cent stake which it controls through Carlton — whisky does seem a bit incongruous in that context — but Hawker is unlikely to bale out at this stage of the cycle.

Reduced demand leads to lower results at AAH

A DOWNTURN in demand is reflected by reduced pre-tax profits at AAH Holdings for the nine months to December 31, 1981, says Mr W. Pybus, chairman. The taxable surplus slipped from £6.49m to £5.54m on turnover £39.56m higher at £300.65m.

"We are naturally disappointed," says Mr Pybus "that after 14 years of reporting steadily increasing profits before taxation, we have on this occasion to report a reduction of approximately 14.7 per cent."

Mr Pybus says that the reduction reflects the downturn of demand and consequent contraction of margins which have heavily affected all the group's activities, with the notable exception of solid fuel, which contributed trading profits of £4m.

"However," he says, "we have succeeded in retaining our share of these highly competitive markets. The quality and basic strength of our businesses ensures their ability to take advantage of any upturn in the economy."

The interim dividend has been effectively raised from 1.9115p to 2.1p. Earnings per 25p ordinary share are given as 1.9p lower at 8.3p. In the last full year pre-tax profits stood at £9.69m on turnover of £360.27m.

In the nine months, says Mr Pybus, the group has disposed of, or closed, five businesses which were either outside the main stream of group activities or making an inadequate return on capital.

"On the other hand," he says, "we have continued as in the past, to expand vigorously in the fields in which we are knowledgeable."

A breakdown of turnover and trading profits by division shows: solid fuel £160.94m (£140.46m), £4m (£3.66m); oil £42.53m (£32.42m), £503,000 (£704,000); builders' supplies £31.74m (£30.36m), £982,000 (£2.39m); pharmaceutical supplies £39.55m (£34.78m), £672,000 (£1.31m); engineering £5.97m (£6.45m), £50,000 (£294,000); agricultural supplies and services £2.34m (£3.23m), £259,000 (£279,000); road haulage £9.44m (£8.75m), £482,000 (£627,000); miscellaneous £6.84m (£4.65m), loss £308,000 (loss £35,000).

Taxable results were struck after interest charges were reduced from £1.73m to £1.31m. The charge for tax was lower at £1.75m (£2.11m).

After minority debits of £1.34m (£1.41m), and preference dividends of £56,000 (same), attributable profits emerged slightly lower at £2.39m (£2.91m).

● comment

AAH's 14-year history of profits growth has spluttered to a halt. The company has been seeking volume gains in its widely diverse sectors and this has meant an easing of the trading profit margin at 2.3 per cent, it is now at a 10-year low. All divisions have been hurt by the current slump, with the exception of solid fuel. This division has been aided by the more buoyant industrial and export markets. The mercurial nature of AAH's pharmaceutical results shows that a truce in the discounting war in that sector, has yet to be called. But the company points to a growing shake-out in this area which should help by simply eliminating some of the opposition on the battleground. Net capital employed grew by some £15m during the last financial year and it looks like the profit return this year will slump below 20 per cent, the first drop below 30 per cent in more than five years. The increased dividend cheered the market and the shares closed unchanged at 90p. Assuming full-year results in line with these figures, the shares trade on a prospective, fully-taxed p/e of about 10, which gains support from a prospective yield of 8.4 per cent.

Scholes maintains recovery

IN THE first half to December 31 1981, George H. Scholes, electrical engineer and manufacturer of Wylex electrical products, maintained the recovery it made in the second half of last year with taxable profits of £1.27m compared with £280,000. Turnover for the period rose from £6.72m to £8.06m.

With earnings per 25p share stated higher at 17.5p (5p), the interim dividend is being stepped up from 4p to 6p net. Last year a total of 16.52p was paid from taxable profits of £1.79m (£2.48m).

The pre-tax profits included interest on short term deposits of £31,000—last time there were interest charges of £25,000—and tax took £523,000 (£177,000).

Dividends absorbed £237,000 (£171,000) leaving retained profits of £492,000 (£42,000).

Sheldon Jones up at midway

FOR THE half year ended November 30 1981 Sheldon Jones, animal feeds supplier which came to the Unlisted Securities Market last October, increased its taxable surplus from £268,000 to £296,000 from turnover of £5.89m against £5.18m.

The directors say that in the second half so far, demand for the company's products has been well sustained, although operational costs have inevitably been influenced by exceptional weather conditions.

Last October the directors explained that in view of the seasonal nature of the trade, they were not giving any profit forecast, but said that first quarter trading compared favourably with the same period in 1980.

After six months tax of £127,000 (£111,000) earnings per share are given as 3.3p against 3p, and there is an interim dividend of 1.25p net—directors have forecast a total of 3.5p for the year.

SHEFFIELD TWIST

The listing of the 5 per cent preference and 7½ per cent debenture stock of Sheffield Twist Drill have been cancelled.

Application to make specific bargains in the preference shares under rule 163 (2) may be submitted.

British Sugar chief criticises Berisford's financial position

Sir Gerald Thorley, chairman of British Sugar Corporation, criticised the performance and financial position of S. and W. Berisford, in a letter to shareholders yesterday.

Berisford holds a 40.02 per cent stake in British Sugar's equity.

Sir Gerald points out that Berisford's reported 13 per cent rise in pre-tax profits to £40.8m in the year to November 1981 was "mainly due" to its treating British Sugar as an associated company.

At the trading level, excluding British Sugar, Berisford's 1981 profits were down £800,000 to £47m.

Sir Gerald also argues that British Sugar's dividends and earnings per share have increased at a greater rate than those of Berisford over the past five years. He added that while Berisford's borrowings rose by $126m to $226m last year, British Sugar's borrowings had fallen (to £31.8m) during 1980/1.

Sir Gerald went on to accuse Berisford of "mediocre performance" and of "limited knowledge of capital intensive manufacturing industry."

In Berisford's 1981 accounts, the chairman, Mr Ephraim Margulies, said that "the results achieved by British Sugar fully justified the investment we made last year."

In its last accounts British Sugar set aside £1,215,000 for "bid defence."

At the British Sugar annual meeting in January, Sir Gerald *said that British Sugar had* several meetings with Berisford since July 1981, and that he expected Berisford to make a further bid for British Sugar "in July or some time after that."

Greenfields plunges deep into red but sees return to profits

THE RATE of losses accelerated at Greenfields Leisure in the second half of the year to October 31 1981. But the directors of this retailer and wholesaler of leisurewear and camping equipment foresee a reversal of this trend, a return to profits and higher dividends.

For the 12 months under review, pre-tax losses totalled £1.87m, compared with a mid-term deficit of £652,000 and a profit of £14,000 for the last full year.

However, the directors report that the low point in the trading setback now appears to be well passed. Gross margins are being restored and results for the current year are showing a marked improvement.

Where necessary and expedient, further disposals on uneconomic retail branches will be effected in order to reduce borrowings. The directors say they are confident that the downturn experienced last year will be reversed and that profits will be earned.

It is also hoped that results for the current and future years will justify a return to dividends approaching former levels. For 1980/81 the interim dividend was passed and the final payment of 0.5p net, now declared, stands against last year's total of 2.15p.

Turnover for the year to October last showed little change at £18.43m (£18.4m) and the taxable loss was struck after surplus on property disposals £298,000 (nil), interest £1.11m (£1.08m) and depreciation £649,000.

Following a tax charge of £262,000 (£88,000), *but including* extraordinary credits of £148,000 (£34,000), the attributable balance turned round from a profit of £136,000 to a loss of £1.46m.

● comment

Caught off balance by the recession while expanding, rapidly Greenfields Leisure has been retrenching in earnest to stem losses and defuse the high level of borrowing. By the end of last year some uneconomic shops had been sold, staffing halved and stocks weeded out. But debt, already at 67 per cent of equity funds, has jerked up sharply again, rising £1m to around £4.8m. However, gross margins have gained from the better quality stocks profile, staff costs are down significantly and foreseen redundancy costs are almost all out of the way. Much improved current sales with the enhanced gross margins on higher volumes, are encouraging management in its forecast of a recovery to profit at fulltime. A confidence that helped lift the share price off the bottom by 4p to 23p for a yield of 3.1 per cent from the cut payout. Further property sales are expected to ease borrowing but real recovery prospects hinge on a lasting upturn in trade with the weather playing a big part.

Blackwood Canada $2.25m loss

Turnover of Blackwood Hodge (Canada), 74 per cent-owned subsidiary of Blackwood Hodge, improved from C$134.78m to C$140.39m for 1981, but the company suffered a $4.64m turnround to a taxable loss of $2.25m (£1m at current rates).

There was a tax credit for the period of $1.82m, compared with a $520,000 charge, leaving the loss at $427,000, against a $1.88m surplus previously.

Loss per share is given as 17 cents (earnings of 77 cents).

Galliford profits steady

ALMOST unchanged pre-tax profits were shown by Galliford for the six months to December 31 1981. The surplus this time was £1.39m, compared with £1.38m, on turnover reduced from £35.37m to £30.43m.

"The extreme weather since December and the further tightening up of the market caused by the large drop in UK construction output in 1981, will make it very difficult to achieve an increase in profit for the full year," says Mr Peter Galliford, chairman.

The interim dividend has been lifted from an adjusted 0.5625p to 0.7p. Earnings per share moved ahead from 3.18p to 3.28p.

The profit achieved reflects the varied fortunes of the group's trading companies, says Mr Galliford. The group is engaged in building and development, civil engineering, heating and ventilating.

The engineering companies moved from the losses of last year to a modest profit, says Mr Galliford. The contracting companies performed well considering the increased pressure on margins.

The Chorley division made a good recovery, adds Mr Galliford, and the purchase of a 50 per cent interest at the end of the period in a Singapore-based company will provide a vehicle to exploit the division's expertise in that part of the world.

From trading profits of £2.05m (£2.07m) there was a lower charge for depreciation of £664,000 (£687,000). Corporation tax was reduced to £562,000 (£578,000).

BPC omits preference

British Printing and Communications Corporation announced yesterday that it would not be paying the dividends due on April 1 in respect on the 4.2 per cent preference shares, the 4.2 per cent 'A' and 'B' preference shares and the 5.25 per cent preference shares.

ASSOCIATES DEAL

L. Messel and Co. on March 5 sold £100,000 Rio Tinto Zinc 9½ per cent convertible unsecured loan stock 1995/2000 at 99.

RTZ/Tunnel—Kleinwort Benson as an associate of Tunnel Holdings bought on behalf of discretionary investment clients on March 5 20,000 Tunnel "B" shares at 558p and 25,000 at 561p.

ACC share purchase details

BY JOHN MOORE, CITY CORRESPONDENT

BUSINESS interests of Mr Robert Holmes à Court, the Australian entrepreneur, revealed yesterday at the request of the Takeover Panel, the way in which they bought 925,000 ACC non-voting shares. The purchases, made throughout last week, triggered an investigation by the Takeover Panel and forced Mr Holmes à Court to raise his bid for ACC to around £52m.

Last Tuesday, the day after appeal court judges had ruled that directors of ACC should accept an offer for the company at the best possible price, TVW Enterprises, an associate company of Mr Holmes à Court's master company the Bell Group, bought 100,000 shares at 88½p per share and another block of 100,000 shares at 88p per share.

On Wednesday, TVW purchased 250,000 at 88p per share and 50,000 at 89p per share. The following day it purchased 25,000 shares at 91p per share, 100,000 shares at 92p per share.

Last Friday, TVW purchased 225,000 shares at 95p per share, 75,000 at 94p per share, and 5,000 at 93p per share. The total stake held by TVW Enterprises in ACC's non-voting shares is 28,694,689 (52.87 per cent).

The purchases were made in breach of the rules of the Take-
and sold 50,000 shares at 92p
over Code. The Code requires that if a bidding company buys shares in the stock market at prices higher than its offer, it must immediately revise its offer to the highest price paid for the shares.

Mr Holmes à Court's highest offer was worth 85p per share for the non-voting shares, and at the weekend the Takeover Panel insisted that his offer be revised to take account of the rules of the City code.

Mr John Hignett, Director General of the Takeover Panel, met with Mr Holmes à Court's London representative, Mr Alan Newman, treasurer of the Bell Group. It is understood that the Takeover Panel is insisting that merchant banking advisers be appointed to act for Bell Group and Mr Holmes à Court as soon as possible.

Mr Hignett was continuing the investigation into the purchase of the shares last week and the delay by Bell in announcing the bid.

The share purchases were made through Potter Partners, a leading firm of Australian stockbrokers who gave the order in London to T. C. Coombs, a UK firm of stockbrokers. T. C. Coombs said yesterday, "We felt we were not in breach of the City code. We were not aware who was buying the shares."

The Takeover Panel has asked for more information from Potter Partners.

LONDON TRADED OPTIONS

Mar. 8 Total Contracts 2,105 Calls 1,497 Puts 608.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	260	22	60	—	—	—	—	276p
BP (c)	280	12	164	18	100	28	—	"
BP (c)	300	4	1	10	—	16	—	"
BP (p)	260	7	57	—	—	—	—	"
BP (p)	280	20	56	26	110	28	—	"
BP (p)	300	38	—	40	100	42	—	"
BP (p)	330	68	6	70	—	72	—	"
CU (c)	120	30	—	31	6	33	—	148p
CU (c)	130	20	11	21	2	26	—	"
CU (c)	140	12	37	15	31	18	10	"
CU (c)	160	5	111	9	2	11	1	"
Cons. Gld (c)	390	12	—	22	1	30	—	374p
Cons. Gld (p)	360	15	4	20	2	22	—	"
Cons. Gld (p)	390	32	13	32	8	37	—	"
Cons. Gld (p)	420	52	2	52	—	52	—	"
Cons. Gld (p)	460	92	3	92	—	92	—	"
Cons. Gld (p)	500	132	2	132	—	132	—	"
Ctlds. (c)	70	19	5	21	8	24	—	84p
Ctlds. (c)	80	9½	88	13½	54	16½	—	"
Ctlds (c)	90	5½	3	7	130	8½	12	"
GEC (c)	800	52	2	72	2	90	2	827p
GEC (c)	850	17	86	45	—	64	—	"
GEC (p)	800	15	21	22	1	29	—	"
Gr'd Met. (c)	160	47	10	53	—	—	—	205p
Gr'd Met. (c)	180	27	4	37	—	41	—	"
Gr'd Met. (c)	200	14	24	19	12	26	—	"
Gr'd Met. (c)	220	4	20	—	—	—	—	"
Gr'd Met. (p)	160	2	5	2½	—	—	—	"
Gr'd Met. (p)	180	3	10	7	4	9	—	"
Gr'd Met. (p)	200	9	—	14	2	18	—	"
ICI (c)	280	70	3	78	—	—	—	346p
ICI (c)	300	50	24	58	14	64	1	"
ICI (c)	330	25	33	36	3	48	—	"
ICI (c)	360	9	28	16	32	26	—	"
ICI (p)	330	8	5	12	1	16	—	"
ICI (p)	360	23	8	26	—	30	—	"
Land Sec. (c)	300	25	23	31	—	42	—	311p
Land Sec. (c)	330	8	16	17	1	25	—	"
Mks & Sp. (c)	130	16	—	18½	2	24	—	143p
Mks & Sp. (c)	140	9½	27	13	—	14½	—	"
Shell (c)	330	16	4	30	—	40	—	340p
Shell (c)	360	8	15	16	—	28	—	"
Shell (p)	330	14	78	18	—	22	—	"
Shell (p)	360	36	5	38	19	40	—	"
Shell (p)	390	64	1	66	2	68	—	"
		May		August		November		
Barclays (c)	460	63	15	72	5	92	—	510p
Barclays (c)	500	20	4	40	—	58	—	"
Barclays (p)	500	15	6	20	1	25	—	"
Imperial (c)	70	18	10	21½	—	—	—	87p
Imperial (c)	80	9½	5	14½	5	16½	—	"
Imperial (c)	90	5	30	7	102	9	9	"
Imperial (p)	80	2	2	3½	—	4	—	"
Lasmo (c)	260	42	—	55	—	65	2	292p
Lasmo (c)	280	30	3	44	—	55	—	"
Lasmo (c)	300	18	2	34	—	44	—	"
Lasmo (c)	330	8	6	22	4	—	—	"
Lasmo (c)	360	6	2	14	—	—	—	"
Lasmo (c)	420	4	15	6	—	—	—	"
Lonrho (c)	70	10	—	12	—	13	1	76p
Lonrho (c)	80	4	—	6½	6	7½	1	"
Lonrho (p)	70	2½	5	4	—	4	—	"
P & O (c)	90	43	4	—	—	—	—	129p
P & O (c)	130	9	15	13	—	17	—	"
P & O (c)	140	7	5	8	5	—	—	"
Racal (c)	330	43	—	55	—	68	12	363p
Racal (c)	360	23	11	35	—	50	1	"
Racal (p)	360	13	5	18	—	22	—	"
Racal (p)	390	32	4	35	—	38	—	"
Racal (p)	420	62	3	65	—	—	—	"
Vaal Rfs. (c)	45	3	2	4¼	—	5	—	$48
Vaal Rfs. (p)	45	4¾	4	5	—	5½	2	"
Vaal Rfs. (p)	50	8½	4	9	30	9½	11	"
Vaal Rfs. (p)	55	13½	—	13½	2	13¾	—	"
Vaal Rfs. (p)	60	18½	6	18½	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	31	10	9	19 B	13	30	$329.25
GOLD C	$375	—	—	37	13	8	18.50	"
GOLD C	$400	9	2	24	7	—	—	"
GOLD C	$425	10	1	74	3.50	—	—	"
GOLD C	$450	40	0.30	—	—	—	—	"
GOLD P	$350	200	25	13	27.50	6	28	"
GOLD P	$375	60	46	35	46 B	40	48	"
GOLD P	$400	12	68 B	1	68 B	—	—	"
GOLD P	$425	10	93 B	—	—	—	—	"
12¾ NL 81 87-91								
C	F.107.50	60	3	100	3.70 B	—	—	F.110.80
C	F.110	4	1.60	80	2.10	915	2.50	"
P	F.110	—	—	500	1	300	1.30	"
12 NL 81 86-88								
C	F.102.50	—	—	50	2.70	—	—	F.104.40
10¾ NL 80 86-95								
C	F.100	75	2	110	2.80	100	3.30	F.101
P	F.100	30	0.50	—	—	50	1	"
11¼ NL 82 88.92								
C	F.100	150	3	—	—	15	3.90	F.102.70
C	F.102.50	56	1.30	6	1.60	—	—	"
P	F.102.50	200	1	—	—	—	—	"
		April		July		Oct.		
ABN C	F.300	—	—	—	—	10	4	F.281.50
AKZO C	F.22.50	20	6.70 A	—	—	—	—	F.28.90
AKZO C	F.25	118	4.30	15	5	—	—	"
AKZO C	F.27.50	16	2	20	2.60	—	—	"
AKZO C	F.30	—	—	107	1.10	81	1.60	"
AKZO P	F.22.50	10	0.10	15	0.30	—	—	"
AKZO P	F.25	35	0.10	—	—	—	—	"
AKZO P	F.27.50	—	—	15	1.20	—	—	"
AMRO C	F.50	—	—	62	2	—	—	F.49.70
KODA C	$60	—	—	10	11¾	—	—	$68⅞
KODA C	$70	10	2⅝	—	—	—	—	"
HEIN C	F.50	10	5	—	—	—	—	F54.50
HEIN C	F.55	86	1.70	23	2.80	—	—	"
HEIN P	F.50	82	0.60	10	1.50	—	—	"
HEIN P	F.55	20	1.50	—	—	—	—	"
KLM C	F.90	51	20 B	—	—	21	23.50	F.110.30
KLM C	F.100	137	12.40 B	34	16 B	—	—	"
KLM C	F.110	296	6	123	10.50	—	—	"
KLM C	F.120	338	4	—	—	—	—	"
KLM P	F.80	50	0.30	10	0.70	—	—	"
KLM P	F.90	52	0.70	—	—	—	—	"
KLM P	F.100	129	2	30	3.90	—	—	"
KLM P	F.110	267	5.50	19	7	—	—	"
NEDL C	F.120	14	2	—	—	—	—	F.113.10
NEDL C	F.130	50	1	—	—	—	—	"
NEDL P	F.110	13	3	11	6.90	—	—	"
NEDL P	F.120	83	7.10 B	—	—	—	—	"
NEDL P	F.150	41	16	—	—	—	—	"
PHIL C	F.20	25	3.40	—	—	—	—	F.23.20
PHIL C	F.22.50	317	1.40	45	2	15	2.50 A	"
PHIL C	F.25	561	0.50	320	0.80	156	1.20	"
PHIL P	F.22.50	485	0.70	—	—	75	1.30	"
PHIL P	F.25	632	2.20 A	15	2.50	33	2.50 B	"
RD C	F.80	99	1.90	36	3.10	—	—	F.76.40
RD C	F.90	78	0.20	25	1.10	—	—	"
RD P	F.70	29	0.80	41	2	—	—	"
UNIL C	F.80	149	4.50	—	—	—	—	F.158.20
UNIL C	F.130	30	28.50	—	—	—	—	"
UNIL P	F.160	69	2.70	—	—	—	—	"
UNIL C	F.150	36	0.70	—	—	—	—	"
		May		Aug.		Nov.		
UNIL P	F.160	88	4.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 9506

A=Asked B=Bid C=Call P=Put

E & G agrees £13.7m offer from Federated

FEDERATED LAND, the property company with expanding interests in town centre shopping developments, yesterday made an agreed £13.7m bid for *Estate and General Investments*, the property investment and development company *effectively controlled* by private housebuilding concern Prowting Holdings.

Federated shares eased by 4p to 136p on the news but the bid terms—five Federated shares for each nine E & G, equivalent to 75½p a share—were still good enough to leave E & G shares 18p higher on the day at 74p.

Mr P. B. Prowting, Prowting Holdings and directors of E & G intend to accept the Federated bid for their aggregate *holdings* of about 45 per cent of the E & G equity.

Both companies have revalued their assets, Federated to produce net tangible assets of about £19.8m and E & G some £20m.

Since E & G ends up with 48.1 per cent of the expanded equity, Federated gains marginally in terms of assets per share with a rise from about 182p prior to the deal to around 189p *afterwards*.

Federated managing director Mr Peter Meyer acknowledged yesterday that the E & G shares had been depressed by the size of the Prowting holding which, he estimated, came close to 60 per cent of the E & G equity when family trusts were included.

The attractions of E & G to Federated, he said, included a much more diversified portfolio, including small shopping, warehouse and office developments, some of which could be weeded *out to provide a source of finance* for Federated's burgeoning shopping development interests.

Directors of E and G forecast pre-tax profits of not less than £900,000 for 1981 and intend to declare a second interim, in lieu of a final, of 1.15p to make a total of 1.75p (1.55p) per share.

Preliminary results of Federated for the year ended December 31 last, show pre-tax profits of £575,000 (£937,000) after interest payable of £2.29m (£2.17m), receivable of £770,000 (nil), and included net rents from investment properties of £1.09m (£1.04m)—some £13,000 of this figure was in respect of Leatherhead Town Centre which in a full year would be expected to produce in excess of £550,000.

The directors say 1981 results are not comparable with those of 1980 or earlier years, on account of the phased withdrawal from residential housing with effect from January 1 1981.

After tax of £277,000 ([illegible]) earnings per share are shown as 4.8p (6.9p) and the dividend is stepped up to 3.685p (3.35p) net with a final of 2.585p.

Futures exchange stake for English Association

FAST-MOVING merchant bank, English Association Group, *is* taking a stake in the projected London International Financial *Futures Exchange* (LIFFE) through a new company, Mantrad.

Mantrad will be capitalised at £1m to enable it to apply for full clearing membership of LIFFE and it has also taken four seats on the exchange, three on the first round of applications.

English Association's partners *in the venture are E. D. and F. Man*, the soft commodity dealing group which holds a 36 per cent stake in the bank, and Anderson Man, a privately owned futures specialist controlled equally by the commodity group, English Association and Mr David Anderson.

The three partners will be *subscribing equally for £150,000* of £1 nominal of new ordinary shares and £850,000 of 12 per cent preference shares.

A fourth partner is actively involved, however, and has subscription rights ranging over a three-year option to draw down 25 per cent of the capital from each of the other three partners.

Compagnie Financière et de Crédit of Lausanne, quoted money broker run by M André Levy and known as Tradition Group, operates principally as a broker on the Eurocurrency deposit market and has acquired sterling and foreign exchange money broking operations.

The tie-up stems from Mr Tony Haig-Thomas, a director of English Association, who recently sold City Deposit Brokers to Tradition.

English Association *expects* that its 6 per cent owned Californian thrift and loan associate, San Francisco Bancorp, to benefit substantially from the bank's financial futures market connections.

Mr Robin Cox-Johnston, chairman of English Association, is now looking for a suitably qualified financial futures expert, offering something more than just dealing experience, to run Mantrad.

The new company starts operations next month of the Chicago Exchanges although full details of its representation in the Mid-West are yet to be finalised.

Dawn raid on David Scott

Hill Osbourne and Co launched a dawn raid on shoemaker David Scott Group yesterday when almost the entire Northamptonshire shoe trade was attending the Harrogate shoe fair. Acting on behalf of an unnamed client, the Lincoln broker easily picked up the required 500,000 shares, 10.82 per cent of Scott's equity, at a price of 20½p per share.

Formerly known as Wearra Group, David Scott lost £387,000 before tax in the half year to July 31 1981 and expected to bear the cost of rationalisation *in the second half. The only* disclosable stake shown in the last accounts was a holding by Mr H. D. Bugby of 7.05 per cent although a trustee stake of 440,000 shares held by the chairman, Mr A. J. Harris, had been sold between September 30 1979 and January 31 1981.

ANDOVER FURNITURE

Contracts have been exchanged by the joint receivers of Andover Furniture, Mr *Richard* Agutter and Mr Guy Parsons of Peat Marwick Mitchell for the sale of the chair manufacturing business at Walworth Industrial Estate, Andover, Hampshire. The company will trade under the name of Hampshire Wood.

Mr Agutter indicated that the sale of the business protected the jobs of some 20 people.

Wiggins Group in £1m deal with Newarthill

UNDER the terms of the foreshadowed deal with its major shareholder Newarthill, Wiggins Group is buying the current contracting activities, the plant division and associated working capital of Newarthill's Gee, Walker and Slater subsidiary at net asset value, or £990,000, in shares.

No profit estimates relating to these businesses have been made since many of Gee's assets are to be transferred to other parts of Newarthill but the vendor is warranting profits of £125,000 and will make up any shortfall.

The consideration will be satisfied *by the issue of 900,000* Wiggins shares at £1 each. That lifts Newarthill's stake to 24.3 per cent of the enlarged share capital which will be regarded as a long-term investment.

Newarthill will waive any dividends declared on the 900,000 shares until March 31 1987.

Wiggins also disclosed yesterday that the acquisition of Thames Estuary Properties will cost £651,000, of which £251,000 has already been paid.

NOLTON SALE

Shareholders in Nolton have approved the sale of Nolton Communications to Dynatech Corp and completion has taken place.

The price was £406,000 in Dynatech common stock. Nolton will place these shares in order to reduce borrowings and to provide additional working capital within the group.

HARTOGEN ENERGY

Hartogen Energy has received acceptances for slightly more than 20m shares in Cluff Oil (Australia). On the latest figures available Hartogen holds approximately 51 per cent of Cluff.

Hartogen has made an approach to Cluff for board representation commensurate with its holding in the capital.

JAMES FISHER

James Fisher and Sons has reached agreement with Bowaters UK Paper Co to acquire from Bowater on April 5 its wholly owned subsidiary company, Independent Sea Terminals and Charles England (Shipping), together with a commercial dock and warehouse complex at Ridham in the Medway estuary, for a cash consideration.

UNION DISCOUNT

The Kuwait Investment Office has increased its holding of stock units in the Union Discount Company of London to 1,065,000 (10.65 per cent).

PEABODY HOLMES

Peabody Holmes has acquired the business of Peak Combustion Controls. The managements of Peak and Peabody have been closely associated for many years and, accordingly, continuity of the business is assured.

Full-year net losses for Hudbay and Northgate

BY GEORGE MILLING-STANLEY

TWO LEADING Canadian natural resources companies have reported net losses for 1981, following substantial deficits for the fourth quarter.

Hudson Bay Mining and Smelting, the Canadian arm of South Africa's Anglo American Corporation group, turned in a net loss for 1981 of C$10.7m (£4.8m), or C$1.06 a share, compared with net profits before extraordinary items in 1980 of C$41.4m or C$4.10 a share. This was the group's first annual loss since the early 1930s, reports John Soganich from Toronto.

Hudbay's fourth quarter loss was C$15.8m, more than three times the profit recorded during the first nine months of the year.

The loss in the last three months reflected primarily the poor performance of the metals side of Hudbay's business and the 50 per cent-owned Inspiration Copper in the U.S. The only sectors of the group to stay in the black were the newly-acquired Terra Chemicals and Francana Oil and Gas.

Hudbay is *making every effort* to reduce costs, with the Quarterly dividend being reduced to 10 cents a share from March 11, against 15 cents paid for the fourth quarter and a regular 30 cents in each of the previous seven quarters.

It seems likely that the group will report an operating loss for the first quarter of the current year, *and if there is no upturn* in the basic businesses—the mining of copper and zinc—the losses could extend well into 1982.

Hudbay should receive the benefit of payments from the Saskatchewan power plant this year. Some C$39.5m has already been received, but this does not yet figure in the accounts pending the determination of the total amount by the courts.

The group's directors said they expect "significant and positive" benefits from the restructuring of Francana, which will result in reduced debt against the assets to be retained by Hudbay, and the introduction of Compagnie Française des Pétroles (Total) as a partner in the U.S., now shared with Minerals and Resources Corporation (*Minorco*), the north American arm of the Anglo group.

Canadian analysts estimate Hudbay's earnings this year in the range between nil and C$1.75 a share, which should be viewed in context of last year's estimates of between nil and 50 cents.

Northgate Exploration turned in a net loss *for the fourth* quarter of C$3.69m or 50 cents a share, following the C$1.02m *loss for the third quarter*. This brought the net loss for the full year to C$4.09m or 55 cents a share, compared with profits in 1980 of C$3.8m or 54 cents a share.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Ayer Hitam Tin Dredging Malaysia, Fletcher Challenge, London and Strathclyde Trust.

Finals:—Comben, De Beers Consolidated, S. W. Farmer, Hong Kong and Shanghai Banking, Woodhouse and Rixson.

FUTURE DATES

Interim:—
Yarrow .... March 15

Finals:—
Bilton (Percy) .... July 26
Bridgewater Estates .... March 12
Bronx Engineering .... March 16
Morrison (W.) Supermarkets .... April 15
Schroders .... March 10

MMC group tin output falls

THE TIN producers in the Malaysia Mining Corporation group reported *generally lower* output of tin concentrates for the month of February.

The biggest producer in the group, Malaysia Mining Corporation itself, produced 687 tonnes against 691 tonnes in January. This brings the cumulative total for the first eight months of the current financial year to 5,574 tonnes, compared with 4,048 tonnes at the same stage of the previous year.

Berjuntai, the second largest producer in the MMC group, saw output fall to 264 tonnes in February from 278 tonnes in January, bringing the cumulative total for the first 10 months to 2,993 tonnes against 2,805 tonnes at the same stage of 1980/81.

The MMC group's output figures are compared in the accompanying table.

	Feb tonnes	Jan tonnes	Dec tonnes
Ankam	71	127	123
Ayer Hitam	115	174	235
Berjuntai	264	278	338
Kamunting	16	16	15
MMC	687	691	747
Sungei Besi	84	79	80
Tongkah Harb.	47	49	61
Tronoh Mines	32	46	48

Results from the Gopeng *group, which also produces tin* in Malaysia, were mixed. Output of Gopeng, the biggest company in the group, rose to 150 tonnes in February from 145¾ tonnes in January, bringing the total for the first five months to 733¾ tonnes against 638 tonnes at the same stage of 1980/81.

Pengkalen produced 7¼ tonnes, up from 4 tonnes in January. The company announced that it had ceased dredging operations on February 18, and was now *looking for* alternative mining prospects in Malaysia.

The Gopeng group's output figures are compared in the accompanying table.

	Feb tonnes	Jan tonnes	Dec tonnes	Nov tonnes
Gopeng	150	145¾	157¼	141½
Mambang	35	47	57	55
Tanjong	7	13	12	20½
Pengkalen	*7¼	4	7½	6

* Ceased dredging operations on Feb 18.

Meanwhile, Cornwall's Geevor Tin has produced 108 tonnes of tin in February, compared with 103 tonnes in January, bringing the total for the first 11 months of the current financial year to 1,156 tonnes, against 1,105 tonnes at the same stage of the previous year.

Sentrust may have merger plans in mind

THE proposal by the General *Mining Union Corporation* (Gencor) group's Sentrust that "odd-lot" holders of less than 100 shares should either increase their holdings to 100 shares, or sell them, could be a tidying-up operation pending new developments for the investment company.

Such investors constitute about 40 per cent of the company's shareholders and, if adopted, the latest proposals would mean important cost savings in share registry and the distribution of annual reports and other company documents.

"Odd-lot" holders who take no action will have their shares converted into redeemable preference shares which will then be redeemed at 863 cents per share (equal to about 477p compared with 301p yesterday).

A possible candidate for a merger with Sentrust could be the group's U.C. Investments which has broadly similar investment interests but which is less active on the sharedealing side.

ROUND-UP

After a silence of some three months, during which the shares have remained suspended in London, Idris Hydraulic Tin has announced that Malaysia's Foreign Investment Committee has approved the proposed offer for the shares from Syarikat PKB of Malaysia.

Syarikat paid some M$14 *(£3.30) per share for 34.33* per cent of the Idris capital last November, and a bid at a similar price is expected as soon as all the appropriate regulatory authorities have given their approval.

Idris said that Syarikat's offer will be sent out as soon as the aproval of the remaining regulatory bodies in Malaysia and the UK has been obtained.

* * *

The silver-producing Sunshine Mining of the U.S. has reported a fourth quarter net loss of $1.54m (£845,000), against $4.96m last time. This brings the full-year loss to $1.17m, down from 1980's $4.96m.

* * *

Australia's Metals Exploration is to take up an average of 51.52 per cent of North Kalgurli shares tendered as a result of the former company's offer of A$1.50 (85p) a share for a further 15 per cent of the Australian gold producer.

The success of Metals Ex's partial bid brings its stake to 35 per cent, from the previous 20 per cent. Metals Ex has already been invited to place four nominees on the North Kalgurli board.

* * *

Part of the East Rand Proprietary gold mine in South Africa has been sealed off, following the company's failure *over the past three days to con*tain an underground fire.

The mine, in the Barlow Rand Group, said that workers normally employed in the sealed-off area will be redeployed elsewhere in order to minimise production losses.

HUNTING PET.

Hunting Petroleum Services has been notified that on March 4 Hunting Holdings sold in the market its entitlement in the current rights issue to 643,000 new ordinary shares of Hunting Petroleum, out of its entitlement to 675,000 new ordinary shares.

Hunting Holdings intends to take up the balance of its entitlement to 32,000 new ordinary shares.

Touche Remnant restructuring plan

BY TIM DICKSON

MAJOR CHANGES in the investment policies of its investment trusts were announced yesterday by Touche Remnant and Co. At the same time Cedar Investment Trust, which is also under Touche management, said it will shortly be putting unitisation or liquidation proposals to its shareholders.

The changes unveiled yesterday involve greater portfolio specialisation, with the trusts in future identified with such markets as North America, the Pacific Basin, Property and Australia.

The proposals, which have been sent to shareholders in a document headed Strategy and Structure for the 1980s, have been eagerly anticipated by the stock market since Touche made a preliminary announcement in December.

They also follow a major merging and renaming exercise by trusts in the Robert Fleming stable—spelt out in detail also in December—which has since run into considerable institutional opposition.

"Investor requirements are changing and we believe that the trusts' shareholders expect Touche Remnant to identify and satisfy such requirements," Lord Remnant, chairman, tells shareholders.

"Investors want to be in above average growth areas and sectors of the world economy, the continued identification of which requires specialised investment skill. Touche Remnant and the Trusts believe that the future lies in greater sectorisation of investment trusts' portfolios than has hitherto been achieved, coupled with more specialised investment management."

Lord Remnant accepts that certain investors "may not want to see such dramatic changes" and that there remains a significant demand for trusts with less specialised portfolios.

Asked at a Press conference yesterday why unitisation or liquidation proposals were to be put to shareholders of Cedar, Lord Remnant replied that Touche was "aware of the wishes of certain institutional shareholders who would like to see some reduction in the number of investment trusts with general portfolios. Cedar was the one in our stable in which we would have had less confidence in putting forward new ideas for specialisation."

Details of the proposals—with accompanying name changes—are summarised in the table.

In all cases, except TR Pacific Basin and TR Property where it is lower and TR City of London where it is higher, the minimum forecast dividend is equivalent to the current dividend. In a couple of cases (TR Technology and TR Australia) the directors will be dipping into revenue reserves to fulfil this commitment.

The pace at which managers will be changing their portfolios will vary from trust to trust but in most cases the relevant percentages will be achieved within 12 months.

See Lex

SUMMARY OF PROPOSALS

Name of Trust	Sector	Geographical Spread	Gross Assets (£m)	Forecast Div. (p)
TR Technology (Atlas Electric and General)	Advanced technology	40% UK 40% North America 20% Other	155	3.30
TR Australia (C.L.R.P.)	Australia	70-80% Australia Remainder elsewhere, mainly UK	23	3.50
TR City of London (The City of London)	Unrestricted: weighted to higher than average income	Predominantly UK	57	5.00
TR North America (Continental Union)	North America	80% North America, 20% elsewhere, mainly UK	41	6.25
TR Industrial and General (Industrial and General)	Unrestricted: weighted to capital and income growth	50% UK 20% U.S. 20% Japan 10% Other	261	3.00
TR Pacific Basin (International Investment)	Pacific Basin	60% Japan 15% Hong Kong 25% Other	54	2.00
TR Natural Resources (Sphere)	Natural resources	55% UK 30% U.S. 15% Other	75	6.75
TR Property Investment (Trust Union)	Property	55% UK 25% U.S. 20% Other	53	2.20
TR Trustees (Trustees Corporation)	Unrestricted: weighted to smaller companies	70% UK 15% U.S. 15% Other	97	2.95

Parker Knoll steady halfway

LITTLE CHANGED pre-tax profits were shown by Parker Knoll group for the six months to January 31 1982 after trading losses of £632,000 at the subsidiary Nathan, acquired last August.

The half-year taxable surplus emerged at £1.15m, compared with £1.18m on turnover improved from £13.29m to £17.37m. The interim dividend has been held at 2.5p.

Earnings per share rose from 8.9p to 9.5p.

Mr M. Jourdan, the chairman, points out that trading profits, excluding Nathan, rose from £1.09m to £1.74m. He adds that measures have been taken to improve Nathan's competitive position, but that the full benefit will not be felt until demand picks up in the cabinet sector.

Mr Jourdan feels sure that there will be an improvement in Nathan's performance in the second half and that the group's investment in Nathan will be of long-term benefit.

"The underlying strength of the group is unimpaired, according to Mr Jourdan, and he remains confident about the group's prospects.

The group is involved in the manufacture of furniture, carpets and furnishing velvets.

Pre-tax profits were struck after crediting lower interest of £38,000 (£96,000). Tax was reduced to £462,000 (£531,000). The CCA taxable surplus was shown as lower at £607,000 (£1.05m).

● comment

Last year's acquisition of cabinet makers Nathan has proved an expensive experience for Parker Knoll. The cost of the purchase, paying Nathan's £1.6m of debts and stock write-offs, have taken Parker Knoll's cash down from £2.7m to £500,000. Once in charge, the company discovered that Nathan's order book was less healthy than it had seemed, and the interim trading loss of £632,000 is almost as large as that incurred in the whole of 1980. Having shaken up the management the company is bringing Nathan's products up to the same end of the market as the rest of the business. Parker Knoll now believes that Nathan will break even in the next financial year. Stripping out this costly acquisition, the 3 per-cent fall in trading profits (from a depressed base) to £1.1m, is transformed into a remarkable surge of 60 per cent illustrating the point that these at the top end of the furniture market are doing better than the mass market competitors. Hefty price increases were achieved and the Raymakers subsidiary was helped by the easing of the sterling-guilder exchange rate. The group as a whole is now finding gross margins under pressure, and will do well to reach last year's £3m pre-tax profit. Unchanged at 126p, the "A" shares yield 8.7 per cent.

British Vita advances to £8m

SECOND HALF taxable profits of British Vita, manufacturer of polymeric products, moved ahead from £3.44m to £3.87m and lifted the figure for the whole of 1981 to £7.97m, compared with £7.11m.

Turnover improved to £191.87m (£183.7m) and the dividend is increased to 5.4p (5.2p) net per 25p share with a final payment of 2.7p.

The directors are satisfied that following containment measures the company is well structured to face trading conditions in the UK, which they anticipate will remain extremely difficult in the first half of 1982, with little or no expectation of any significant improvement until at least the second half.

The development of the European companies continues through increased penetration of existing markets and by the introduction of new products. Internationally, prospects for the current year in all major operations are encouraging, directors state, "with the constantly broadening product base reinforcing the strength and success seen in the past."

The effect of a reversal of a slow recovery in the economy on the company's customers, together with the substantial chemical price increase in the last quarter of 1981, resulted in profitability, from the UK and European operations, being down from £1.35m in the first half to £1.08m in the second.

However, internationally, profits for the year showed a significant increase, helped by favourable exchange rates.

The directors say that the group remains financially sound with gearing down, following the rights in 1980. Part of the cash from this issue has been used for acquisitions.

Pre-tax figure for the year included associates of £3.39m (£3.32m) and was after interest of £1.06m (£2m).

After a tax charge of £3.47m (£2.76m), minority interests, £91,000 (£66,000), and a much higher extraordinary debit of £586,000 (£7,000), the attributable figure came through behind from £4.28m to £3.81m.

Dividends cost was £1.45m, against £1.24m, leaving a retained balance of £2.37m (£3.04m). Earnings per share are shown as 16.5p (18.7p) and net asset value 146p (133p).

On a CCA basis the pre-tax results is reduced to £5.69m (£4.16m).

● comment

British Vita is once again reliant on its overseas strengths. Profits at home and in Continental Europe are down by 6 per cent, but the upturn in other areas is held back by a 45 per cent plus tax charge on overall international business. That reduces the rate of cash retention although the UK businesses are now through a capital spending hump and should exist quite comfortably on a maintenance basis this year. The balance sheet, moreover, remains strong with about 20 per cent gearing and some £3.25m is still in hand from the 1980 rights issue. Vita is quite clear that the development effort should be directed at diversification and partnership deals overseas, particularly in the Far East. It believes that its technology and links with Japanese and local ventures have still to come through fully and looks for further overall growth this year. It remains tolerably confident that it can absorb some big material cost increases from the chemicals sector, but is pondering the scale of its knock-on price rises. The half year should start well with currency benefits making a significant impact on interim comparisons. The shares climbed 2p yesterday to 152p for an historic yield of 5.1 per cent and a p/e of 9.1. That is about right for the time being: Vita looks equipped to deal with flat UK automotive and furnishings demand, but a second half bad debt provision of £314,000 is some indication of the continuing pressures.

Jeavons Engineering at £0.6m

A 45 PER CENT improvement in export orders and strong home demand for Jevco fittings, increased market share for gas distribution regulators and reduced overheads all helped Jeavons Engineering exceed its interim forecast of taxable profits of not less than £575,000 for 1981.

On sales relating to continuing activities of £5.62m (£6.77m), this company which was hived-off by Pentos earlier this year made profits of £631,000 (£932,000) before tax and the share of the costs of flotation.

With stated earnings of 8.4p per 25p share—after tax, but before flotation costs—the final dividend is set at 1.125p net, which absorbs £63,000. Earlier in the year there was a 1.125p second interim and prior to the flotation a special first interim of £140,000 was paid to Pentos.

The total distribution of £266,000 equals the flotation prospectus forecast.

And as stated in the prospectus, if the offer for sale had been made at the beginning of 1981, the directors would have forecast total dividends aggregating 3.75p net per share. On the present share capital these would have cost £210,000.

Mr T.A. Maher, chairman, says that improved demand during the second half of 1981 for Jevco fittings continued into 1982 and improved export performance is being maintained. He expects the company's regulators to achieve further market penetration in the home market and new product developments could well mean a significant increase in overseas business. Overall he says the prospects for the company are encouraging.

The profits from the sale of the discontinued contracting activity of £169,000 covered its trading losses of £47,000 (£236,000 profits) and reorganisation costs of £122,000 (nil) and left a tax credit of £77,000 (£103,000 charge) available for the company.

This credit together with tax of £238,000 (£376,000) for the continuing business, and a share of flotation costs of £120,000 (nil) left attributable profits of £350,000 (£659,000).

At the year end the company had no borrowings, and cash in hand of £127,000.

Abwood to reduce capital

FOLLOWING a one-for-one £225,000 rights issue, with a par value of 7½p each, Abwood Machine Tools plans to unify the new and existing equity at a common nominal value of 7½p with an application to the courts for a capital reduction. The existing shares have a par value of 10p per share.

Shareholders, who include Cayman Islands-based Madison Investments with an approximate 34 per cent stake, will be asked to approve a reduction in the capital from £85,000 to £815,000 by cancelling the paid-up share capital to the extent of 2.5p in respect of each of the 3.4m issued 10p shares.

The board, headed by Mr Geoffrey Suckling, has emphasised that the reduction will not impair Abwood's ability to pay existing creditors. If the resolutions to be put before shareholders on March 29 are passed, the group will give assurances to the Court that, until outstanding creditors on the date the scheme becomes effective have been discharged, it will not pay any dividends which, but for the reduction of capital and the consequent £85,000 rise in distributable reserves, it would otherwise be unable to pay.

Rise by Davies & Metcalfe

Pre-tax profits of Davies and Metcalfe, mechanical and electrical engineer, advanced from £241,905 to £895,772, and net profits pushed ahead from £381,714 to £763,804 in 1981.

This follows a mid-term improvement at the taxable level from £91,894 to £519,369.

The final dividend is 1.4p net, lifting the total payment from 1.47p to 1.97p.

SPAIN

March 5	Price %	+ or —
Banco Bilbao	335	
Banco Central	354	
Banco Exterior	310	
Banco Hispano	322	
Banco Ind. Cat.	110	
Banco Santander	363	—4
Banco Urquijo	227	—3
Banco Vizcaya	372	—3
Banco Zaragoza	239	
Dragados	161	—3
Espanola Zinc	65	
Fecsa	59.5	—0.7
Gal. Preciados	45	—2.5
Hidrola	64	—1.2
Iberduero	60.5	
Petroleos	96	
Petroliber	96	+2
Sogefisa	14	
Telefonica	72	
Union Elect	63.5	—0.5

LADBROKE INDEX

Close 561-566 (+3)

CURRENCIES, MONEY and GOLD

£ and $ ease

Sterling fell in currency markets yesterday following heavy profit taking in New York on Friday. The shake out in sterling preceded today's UK Budget which should see a reduction in clearing banks' by half a point or a full point. The Bank of England may have been in the market during the afternoon just to give a steadying hand.

The dollar was weaker after Friday's larger than expected fall in U.S. money supply. Euro-dollar rates were easier yesterday although the dollar finished towards the upper part of the day's spread.

The Dutch guilder remained the strongest currency within the European Monetary System yesterday followed by the Danish krone. The Deutschemark showed an overall improvement but remained the weakest member of the system.

STERLING—Trade weighted index 90.2 against 90.4 at noon, 90.6 in the morning and 91.1 at Friday's close (88.7 six months ago). Three-month interbank 13⅞ per cent (13⅞ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month) — Sterling opened at $1.8355 against the dollar and touched a best level of $1.8375 before coming back in the afternoon to touch a low of $1.8225. It closed at $1.8245-$1.8255, a fall of 1.35c from Friday. Against the D-mark it slipped to DM 4.2750 from DM 4.3125 and FFr 10.9400 from FFr 11.0350. It was also down against the Swiss franc at SwFr 3.3600 compared with SwFr 3.4050.

DOLLAR — Trade weighted index (Bank of England) 112.0 against 112.2 on Friday and 111.0 six months ago. Three-month Treasury bills 12.01 per cent (15.57 per cent six months ago). Annual inflation 8.4 per cent (8.9 per cent previous month)—The dollar fell to DM 2.3415 from DM 2.3440 against the D-mark and SwFr 1.8400 from SwFr 1.8510 in terms of the Swiss franc. It was firmer against the Japanese yen however, at Y234.15 from Y234.00.

D-MARK — EMS member (weakest). Trade weighted index 122.7 against 122.5 on Friday and 116.8 six months ago. Three-month interbank 10.07½ per cent (12.675 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month) — The D-Mark showed mixed changes within the European Monetary System yesterday but improved against the dollar and sterling. The dollar was fixed at DM 2.3384 down from DM 2.3477 and sterling was lower at DM 4.2790 compared with DM 4.3200. The Swiss franc rose to DM 1.2700 from DM 1.2641 despite a fall in domestic interest rates. Within the EMS, the Belgian franc rose to DM 5.424 per BFr 100 from DM 5.404 and the Dutch guilder was higher at DM 91.29 per Fl 100 from DM 91.23. On the other hand the French franc slipped to DM 39.05 per FFr 100 from DM 39.095 and the Danish krone was lower at DM 29.71 per DKr 100 from DM 29.77.

JAPANESE YEN — Trade weighted index 139.1 against 138.6 on Friday and 140.1 six months ago. Three-month bills 6.53125 per cent (7.40625 per cent six months ago). Annual inflation 3.3 per cent (4.3 per cent previous month)—The dollar closed at Y233.95 against the yen in Tokyo yesterday up from Friday's close in New York of Y233.2. The fall in U.S. money supply had an initial downward effect but the dollar soon recovered and touched a best level of Y234.00.

THE POUND SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8225-1.8375	1.8245-1.8255	0.07-0.17c dis	−0.79	0.45-0.55dis	−1.10
Canada	2.2080-2.2250	2.2130-2.2140	0.35-0.45c dis	−2.17	1.30-1.45dis	−2.48
Nethlnd.	4.67-4.71	4.67½-4.68½	2⅛-1⅞c pm	4.81	4⅞-4⅜ pm	3.74
Belgium	78.75-79.25	78.75-78.95	5c pm-5 dis	—	5-15 dis	−0.51
Denmark	14.34-14.41	14.35½-14.36½	2⅞-3⅞ore dis	−2.51	8⅞-10½ dis	−2.59
Ireland	1.2080-1.2170	1.2100-1.2110	0.62-0.76p dis	−6.79	1.75-1.91dis	−6.05
W. Ger.	4.26-4.30	4.27-4.28	1¼-1⅛pf pm	4.21	4⅛-3⅞ pm	3.85
Portugal	125.75-126.75	125.90-126.20	60-185c dis	−11.66	175-385 dis	−8.89
Spain	187.00-188.10	187.50-187.70	10-20c dis	−0.96	30-40 dis	−0.75
Italy	2,302-2,314	2,303-2,305	10-13lire dis	−5.99	38-39 dis	−6.60
Norway	10.82-10.90	10.83-10.84	1⅞-2⅞ore dis	−2.08	4⅞-5⅞ dis	−1.89
France	10.92-10.98	10.93-10.95	½-1½c dis	−1.10	5⅞-6⅞ dis	−2.19
Sweden	10.47-10.52	10.48-10.49	½ pm-⅛ore dis	0.21	1-⅛ pm	0.24
Japan	425-430	427-428	2.80-2.55y pm	7.65	7.00-6.70 pm	6.41
Austria	29.90-30.10	29.93-29.98	18-14gro pm	6.50	36-28 pm	4.33
Switz.	3.35-3.39	3.35½-3.36½	2⅛-2⅛c pm	8.93	5⅛-5⅛ pm	6.55

Belgian rate is for convertible francs. Financial franc 84.80-85.00. Six-month forward dollar 1.00-1.10c dis. 12-month 1.95-2.10c dis.

THE DOLLAR SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8225-1.8375	1.8245-1.8255	0.07-0.17c dis	−0.79	0.45-0.55dis	−1.10
Ireland†	1.5070-1.5115	1.5070-1.5090	0.80-0.70c pm	5.97	1.98-1.78 pm	4.92
Canada	1.2110-1.2135	1.2130-1.2135	0.11-0.16c dis	−1.34	0.41-0.46dis	−1.43
Nethlnd.	2.5610-2.5670	2.5640-2.5670	1.68-1.58c pm	7.62	4.34-4.24 pm	6.69
Belgium	43.13-43.25	43.23-43.25	3c pm-par	0.42	7-3 pm	0.46
Denmark	7.8500-7.8606	7.8500-7.8600	0.70-0.85ore dis	−1.18	2.50-3.00dis	−1.40
W. Ger.	2.3325-2.3420	2.3410-2.3420	1.00-0.95pf pm	5.00	2.80-2.75 pm	4.74
Portugal	69.05-70.15	69.95-70.15	30-95c dis	−10.71	80-190 dis	−7.71
Spain	102.64-102.85	102.84-102.85	par-10c dis	−0.58	18-28 dis	−0.89
Italy	1,260½-1,263¾	1,263-1,263½	5½-6lire dis	−5.34	17-18 dis	−5.54
Norway	5.9350-5.9450	5.9350-5.9450	0.70-0.85ore dis	1.57	2.35-2.65dis	−1.68
France	5.9800-6.0000	5.9920-5.9990	0.10-0.25c dis	−0.35	1.70-2.00dis	−1.23
Sweden	5.7380-5.7500	5.7400-5.7500	0.50-0.35ore pm	0.89	1.70-1.55 pm	1.13
Japan	233.00-234.25	234.10-234.20	1.65-1.50y pm	8.07	4.35-4.20 pm	7.30
Austria	16.40-16.43	16.40¼-16.41	10-8½gro pm	6.77	22½-19¼ pm	5.18
Switz.	1.8370-1.8440	1.8395-1.8405	1.43-1.35c pm	9.07	3.38-3.30 pm	7.26

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.2	−33.2
U.S. dollar	112.0	+5.0
Canadian dollar	88.2	−17.5
Austrian schilling	117.0	+24.8
Belgian franc	96.5	−0.5
Danish kroner	84.3	−12.9
Deutsche mark	122.7	+45.3
Swiss franc	156.3	+109.2
Guilder	115.3	+22.1
French franc	80.0	−14.3
Lira	55.1	−57.7
Yen	139.1	+33.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Mar. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.616776	0.560667
U.S. $	12	1.13456	1.03135
Canadian $	15.12	1.37520	1.25226
Austria Sch.	6¾	18.6760	16.9031
Belgian F.	15	49.2683	44.6728
Danish Kr.	11	8.95736	8.12959
D mark	7½	2.66361	2.41913
Guilder	8½	2.91979	2.65262
French Fr.	9½	6.81190	6.19118
Lira	19	1435.07	1305.43
Yen	5½	266.054	242.263
Norwgn. Kr.	9	Unav.	6.15909
Spanish Pts.	8	116.576	105.919
Swedish Kr.	11	6.53166	5.93210
Swiss Fr.	6	2.10710	1.91645
Greek Dr'ch.	20½	—	62.8503

OTHER CURRENCIES

Mar. 8	£	$		£ Note Rates
Argentina Peso	18,290-18,310†	10,000-10,050†	Austria	29.90-30.20
Australia Dollar	1.7045-1.7065	0.9344-0.9348	Belgium	84.40-85.40
Brazil Cruzeiro	260.96-261.96	142.88-143.49	Denmark	14.33-14.47
Finland Markka	8.1994-8.2094	4.5020-4.5040	France	10.90-11.00
Greek Drachma	108.850-112.192	60.55-60.75	Germany	4.25-4.30
Hong Kong Dollar	10.645-10.659	5.8300-5.8340	Italy	2280-2335
Iran Rial	149.0*	81.00*	Japan	428-433
Kuwait Dinar (KD)	0.517-0.523	0.2835-0.2837	Netherlands	4.66¾-4.70¾
Luxembourg Fr.	78.85-78.95	43.23-43.25	Norway	10.82-10.92
Malaysia Dollar	4.2015-4.2018	2.3010-2.3030	Portugal	123½-130
New Zealand Dlr.	2.3205-2.3245	1.2715-1.2730	Spain	182-192
Saudi Arab. Riyal	6.24-6.30	3.4200-3.4220	Sweden	10.46-10.56
Singapore Dollar	3.8370-3.8435	2.1015-2.1035	Switzerland	3.35¼-3.39¼
Sth. African Rand	1.8060-1.8075	0.9895-0.9905	United States	1.81¾-1.83¾
U.A.E. Dirham	6.71-6.77	3.6715-3.6735	Yugoslavia	94-98¼

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.5530	−0.32	−0.27	±1.5440
Danish Krone	8.18382	8.11883	−0.79	−0.72	±1.6428
German D-Mark	2.41815	2.41553	−0.11	−0.06	±1.1097
French Franc	6.19564	6.18300	−0.20	−0.15	±1.3743
Dutch Guilder	2.67296	2.64631	−1.00	−0.95	±1.5069
Irish Punt	0.686799	0.684323	−0.36	−0.31	±1.6689
Italian Lira	1305.13	1302.42	−0.21	−0.21	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for March 8 .... 0.566045

EXCHANGE CROSS RATES

Mar. 8	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.828	4.275	427.5	10.94	3.360	4.680	2304.	2.214	78.90
U.S. Dollar	0.548	1.	2.342	234.2	5.995	1.841	2.564	1262.	1.213	43.23
Deutschemark	0.234	0.427	1.	100.0	2.559	0.786	1.095	538.9	0.518	18.46
Japanese Yen 1,000	2.339	4.269	10.00	1000.	25.59	7.860	10.95	5389.	5.178	184.6
French Franc 10	0.914	1.668	3.908	390.8	10.	3.071	4.278	2106.	2.023	72.12
Swiss Franc	0.298	0.543	1.272	127.2	3.256	1.	1.393	685.7	0.659	23.48
Dutch Guilder	0.214	0.390	0.913	91.35	2.338	0.718	1.	492.3	0.473	16.86
Italian Lira 1,000	0.434	0.792	1.855	185.5	4.748	1.458	2.031	1000.	0.961	34.24
Canadian Dollar	0.452	0.824	1.931	193.1	4.942	1.518	2.114	1041.	1.	35.64
Belgian Franc 100	1.267	2.313	5.418	541.8	13.87	4.259	5.932	2920.	2.805	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 1/16	offer 14 3/16	bid 14 1/16	offer 14 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	13⅞-14⅛	14½-15½	9⅛-9⅞	5¼-5¾	9⅞-9⅞	13¾-14¼	18-20	12½-13½	6-6¼
7 days' notice	14-14¼	14-14¼	14½-15½	9¼-9⅜	3¾-4¼	9⅝-9¾	13¾-14¼	18¾-20¾	12½-14	6⅛-6⅞
Month	13½-13⅝	14-14¼	15¼-15⅝	9¼-9⅜	5⅞-5⅞	9⅞-9⅞	14-14⅜	18-20	13¼-14¼	6½-6⅝
Three months	13⅜-13⅝	14-14¼	15⅜-15⅝	9¼-9⅜	6⅞-6⅞	9⅜-9½	15-15⅜	19½-20⅛	13¼-14¼	6½-6⅝
Six months	13⅛-13¼	14⅛-14⅜	15½-15⅞	9⅞-9⅞	6¾-6⅞	9⅜-9½	15⅞-16¼	19⅝-20⅝	13¼-14¼	6⅞-6⅞
One Year	13¼-13⅜	14⅛-14⅜	15¾-16⅛	9⅜-9½	6⅞-6⅞	9⅞-9⅞	16⅝-17	20⅝-21½	13½-14½	6⅞-6⅞

BFr (financial): short-term 13½-13¾ per cent; seven days' notice 13½-13¾ per cent; one-month 13½-13¾ per cent; three months 13½-13¾ per cent; six months 13½-13¾ per cent; one-year 13½-13½ per cent.

SDR linked deposits: one-month 11¼-12⅛ per cent; three months 12¼-12⅝ per cent; six months 12⅜-12¾ per cent; one-year 12⅝-13 per cent.

ECU linked deposits: one-month 12⅞-12⅞ per cent; three months 12⅞-12⅞ per cent; six months 12⅞-13⅞ per cent; one-year 12⅞-13⅛ per cent.

Asian $ (closing rates in Singapore): one-months 13⅞-14⅛ per cent; three months 13⅞-14⅛ per cent; six months 14-14⅛ per cent; one-year 14⅛-14⅜ per cent. Long-term Eurodollar two years 14⅞-15⅛ per cent; three years 14⅞-15⅜ per cent; four years 15-15¾ per cent; five years 15¼-15¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one-month 13.70-13.80 per cent; three months 13.75-13.85 per cent; six months 13.70-13.80 per cent; one-year 13.70-13.80 per cent.

MONEY MARKETS

A restraining hand

London clearing bank base lending rate 13½ per cent (since February 25)

Short-term interest rates continued a downward trend in the London money market yesterday, but the authorities put something of a restraining hand on events by lending funds at a penal rate of 14 per cent, compared with the present clearing bank base lending rate of 13½ per cent, which was also the level at which official repurchase agreements were arranged last week, and for a small number of bills yesterday.

In the morning the Bank of England forecast a market shortage of about £150m, but gave assistance of only £2m by buying band 1 bank bills (up to 14 days maturity) at an unchanged rate of 13½ per cent.

In the afternoon a further £113m of assistance was provided, making a total of £115m. Outright purchases were £24m, made up of £12m bank bills in band 1 at 13½ per cent, and £12m bank bills in band 2 (15-33 days) at 13½ per cent. The authorities also bought £5m bills at 13½ per cent, for repurchases by the market on March 31.

The help was completed by lending £84m to four or five discount houses until tomorrow, at 14 per cent. This was seen as an indication that the authorities did not wish to see any move on reducing bank base rates before today's Budget statement, rather than suggesting that the downward move had gone too far. Market sources said that band 4 bills were offered to the Bank of England at about 1 per cent below the previous official dealing rate, which was obviously unacceptable, but that a cut of 1 per cent in base rates may still be possible tomorrow after the implications of the Budget are clear and the performance of sterling is taken into account.

In early New York trading several U.S. banks cut prime lending rates to 16 per cent from 16½ per cent, while one small provincial bank reduced its rate to 15½ per cent.

In Paris the Bank of France indicated that it would buy first category paper maturing between March 21 and 25 at an unchanged intervention rate of 14 per cent. This will temporarily inject about Fr 4bn of liquidity into the market. Short-term money rates were slightly firmer yesterday, with call money rising to 14¼ per cent from 14⅛ per cent.

In Frankfurt call money was little changed at around 10.05 per cent. The unwinding of a securities repurchase agreement drained DM 8.4bn of liquidity from the banking system, but this was broadly offset by an injection of DM 8bn from a new 36-day repurchase agreement tendered last week. Bank borrowing under the special lombard facility rose to DM 3.3bn on Friday from DM 1.8bn.

GOLD

Sharp fall

Gold fell $16¾ an ounce in the London bullion market yesterday to close at $326-327. The closing level was the low for the day and its worst level since early September 1979. Trading in New York saw the metal fall further to $324 in the morning. It opened at $334-335 in London and fell steadily, reflecting further unwinding of positions despite a cut in U.S. prime rates.

In Paris the 12½ kilo bar was fixed at FFr 65,000 per kilo ($337.51 per ounce) in the afternoon against FFr 65,000 ($337.92) in the morning and FFr 65,000 ($339.31) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 25,355 per kilo ($336.97 per ounce) against DM 25,840 ($342.02) previously and closed at $328¼-329¼ from $342-343.

In Zurich gold finished at $328¼-329 down from $341-344.

	Mar. 8		Mar. 5	
Gold Bullion (fine ounce)				
Close	$326-327	(£178½-179)	$342¾-343¾	(£186½-187)
Opening	$334-335	(£182-182½)	$338-339	(£184½-184¾)
Morning fixing	$335.50	(£183.414)	$340	(£184.955)
Afternoon fixing	$330.50	(£180.947)	$342.40	(£186.239)
Gold Coins				
Krugerrand	$336-337	(£184-185)	$352-353	(£191½-192)
1/2 Krugerrand	$172½-173½	(£94¼-95)	$181-182	(£97½-99)
1/4 Krugerrand	$88-89	(£48¼-48¾)	$92-93	(£50-50½)
1/10 Krugerrand	$36-37	(£19¾-20¼)	$37½-38½	(£20½-21)
Mapleleaf	$337-338	(£184½-185½)	$353-354	(£192-192½)
New Sovereigns	$80-80½	(£44-44½)	$83¼-83½	(£45¼-45¼)
King Sovereigns	$96-97	(£52½-53)	$99-100	(£53¾-54¼)
Victoria Sovs.	$96-97	(£52½-53)	$99-100	(£53¾-55¼)
French 20s	$78½-88½	(£43-48½)	$82-92	(£44½-50)
50 pesos Mexico	$397¼-400	(£217¾-219¼)	$420¼-423¼	(£228¼-230¼)
100 Cor. Austria	$313½-316	(£171¾-175¼)	$332-335	(£180¾-182¼)
$20 Eagles	$470-475	(£257½-260¼)	$478-483	(£260-262½)

LONDON MONEY RATES

Mar. 8 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	14⅛-15⅛	14⅛-14¼	—	—	14¼-14⅜	13½-14	—	—	—
2 days notice	—	—	13¾-14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅛	13¾-14	—	—	14¼-14½	13⅛-13½	—	—	—
One month	13⅝-13⅞	13⅞-13⅝	13½-13¾	14⅛-13¾	13⅝	13⅞-14	12¾-13	13⅛-13⅞	13⅞	13⅞
Two months	13⅝-13⅛	13¼-13⅝	—	14-13⅝	13⅝	13¾	13½-12¾	12⅞-12⅞	12⅞-13⅛	13½
Three months	13⅞-13	13⅛-13¼	13-13¼	13¼-13⅛	13⅝	13½	12¼-12½	12⅞-12⅞	12⅞-12⅞	13⅞
Six months	13⅞-12⅞	13-13¼	13-13⅛	13¼-12⅞	13⅝	—	—	—	12¼	12⅞
Nine months	13⅞-12⅞	13⅛-13¼	—	13⅜-13⅛	13⅜	—	—	—	—	—
One year	13⅛-12⅞	13⅛-13¼	13	13⅜-13⅛	13⅜	—	—	—	—	—
Two years	—	—	13½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 13¼-13⅞ per cent; five years 13⅞-14 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞-12⅞ per cent; four months trade bills 13⅞ per cent.

Approximate selling rates for one-month Treasury bills 13⅞-13⅞ per cent; two months 12⅞-12⅞ per cent; three months 12⅞-12⅞ per cent. Approximate selling rate for one-month bank bills 13⅞ per cent; two months 12⅞-12⅞ per cent and three months 12⅞ per cent; one-month trade bills 13⅞ per cent; two months 13⅞ per cent; three months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.4972 per cent.

Certificates of Tax Deposits (Series 5) 14 per cent from March 3. Deposits withdrawn for cash 11 per cent.

MONEY RATES

NEW YORK	
Prime rate	16-16½
Fed. funds (lunch-time)	13¾-13⅞
Treasury bills (13-week)	12.02
Treasury bills (26-week)	12.14
GERMANY	
Special Lombard	10.00
Overnight rate	10.05
One month	10.075
Three months	10.075
Six months	9.90
FRANCE	
Intervention rate	14.00
Overnight rate	14.25
One month	14.125
Three months	14.125
Six months	14.125
JAPAN	
Discount rate	5.50
Call (unconditional)	6.65625
Bill discount (three-month)	6.53125

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	13½%	Grindlays Bank	‡13½%
Allied Irish Bank	13½%	■ Guinness Mahon	13½%
American Express Bk.	13½%	■ Hambros Bank	13½%
Amro Bank	13½%	Heritable & Gen. Trust	13½%
Henry Ansbacher	13½%	■ Hill Samuel	§13½%
Arbuthnot Latham	14 %	C. Hoare & Co.	†13½%
Associates Cap. Corp.	14 %	Hongkong & Shanghai	13½%
Banco de Bilbao	13½%	Knowsley & Co. Ltd.	14 %
BCCI	13½%	Lloyds Bank	13½%
Bank Hapoalim BM	13½%	Mallinhall Limited	13½%
Bank Leumi (UK) plc	13½%	Edward Manson & Co.	14½%
Bank of Cyprus	13½%	Midland Bank	13½%
Bank Street Sec. Ltd.	15 %	■ Samuel Montagu	13½%
Bank of N.S.W.	13½%	■ Morgan Grenfell	13½%
Banque Belge Ltd.	13½%	National Westminster	13½%
Banque du Rhone et de la Tamise S.A.	14 %	Norwich General Trust	13½%
Barclays Bank	13½%	P. S. Refson & Co.	13½%
Beneficial Trust Ltd.	14½%	Roxburghe Guarantee	14½%
Bremar Holdings Ltd.	14½%	E. S. Schwab	13½%
Bristol & West Invest.	14½%	Slavenburg's Bank	13½%
Brit. Bank of Mid. East	13½%	Standard Chartered	‖13½%
■ Brown Shipley	14 %	Trade Dev. Bank	13½%
Canada Perm't Trust	14 %	Trustee Savings Bank	13½%
Castle Court Trust Ltd.	14 %	TCB Ltd.	13½%
Cavendish G'ty T'st Ltd.	15 %	United Bank of Kuwait	13½%
Cayzer Ltd.	14 %	Whiteaway Laidlaw	14 %
Cedar Holdings	14 %	Williams & Glyn's	13½%
■ Charterhouse Japhet	13½%	Wintrust Secs. Ltd.	14 %
Choulartons	14 %	Yorkshire Bank	13½%
Citibank Savings	¶14¾%		
Clydesdale Bank	13½%		
C. E. Coates	14 %		
Consolidated Credits	13½%		
Co-operative Bank	*13½%		
Corinthian Secs.	13½%		
The Cyprus Popular Bk.	13½%		
Duncan Lawrie	13½%		
Eagil Trust	13½%		
E.T. Trust	13½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.00%. 1-month 11.25%. Short term £8,000/12 month 13.8%.
† 7-day deposits on sums of: under £10,000 11.00%, £10,000 up to £50,000 11¼%, £50,000 and over 12¼%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12¼%.
§ Demand deposits 11%.
¶ Mortgage base rate.

INTERNATIONAL COMPANIES and FINANCE

Eurodollar bond debut by Spain

BY ALAN FRIEDMAN

THE Kingdom of Spain is making its debut in the Eurodollar bond market with a $100m five-year offer through Credit Suisse First Boston. The coupon is expected to be 15⅞ per cent.

Spain has sold bonds in the Euro D-mark sector in the past, but not in the Eurodollar market. Its five-year paper is designed partly to appeal to central banks.

Another debut was made by Reynolds Metals yesterday with its $60m five-year offer at 16½ per cent. The company has not borrowed in the Eurodollar market before and has only used private placements in the U.S.

Reynolds does not qualify as a top-rated name; it is arguably either triple-B or single-A. But in the current market, with falling coupons, there could be some appeal for retail coupon-hunters. The deal is being led jointly by Dean Witter, Orion Royal Bank and Goldman Sachs.

The rally in the secondary market continued yesterday and prices of fixed-interest dollar bonds rose by as much as a point in moderate to active trading. The market was encouraged by last week's $3bn fall in the U.S. M-1 money supply and by declining short-term dollar interest rates.

New issues continue to be well received in the Eurodollar market and some of last week's less exciting offers were yesterday traded at a much smaller discount. The new EIB 15⅛ per cent paper, for example, stood at a price of 99⅞ against an issue price of par. Occidental Petroleum's 16⅞ per cent bonds traded at a discount of 1½ per cent, an improvement from its recent 2 per cent discount.

In the Euro D-mark bond market the Kingdom of Sweden is offering DM 200m of paper in two tranches. There is a DM 75m six-year portion with a 9⅞ per cent coupon and a DM 125m tranche over 10 years with the same coupon. The shorter maturity should be of greater interest to institutions while the 10-year paper might suit retail investor needs.

Deutsche Bank is lead-managing the Sweden issue, the first time the borrower has appeared in the Euro D-mark sector since November 1980 when it placed DM 150m privately.

In the secondary market prices were up ⅛ to ¼ point in moderate trading. The 11 per cent Nafinsa paper traded at 98⅞, an improvement on last week's 1½ to 2 per cent discount. The Nafinsa paper is being bought mainly by German retail investors who like high coupons.

The Swiss franc foreign bond market had an even better day than the D-mark sector, prices increased by up to ¾ point as major Swiss banks lowered time deposit rates for the third time in eight days. Rates were lowered by ¼ point, a cheerful bit of news which combined with the newest 5.3 per cent consumer price figure to boost the market.

● A Y10bn 12-year private placement is being arranged for TVO, the Finnish nuclear power company. Yamaichi Securities said the coupon will be 8.6 per cent at a price of 99.85 per cent to yield 8.625 per cent.

Earnings and sales advance at Heinz

By Our New York Staff

H. J. HEINZ, the U.S. packaged food company, reports that a strong performance by its domestic business—despite the general recession—had helped it register a 15 per cent gain in profits in the latest quarter.

In the three months ended January 27, earnings were $38.6m or 81 cents a share, up from $33.5m or 71 cents in the same period last year. Sales were up 6 per cent to $876.5m.

The quarter's result brought Heinz's earnings for the first nine months of its fiscal year to $129.1m or $2.74 a share, compared with $112.5m or $2.42 in the same period a year earlier. Sales were $2.69bn, up from $2.56bn.

Mr Anthony O'Reilly, the president and chief executive, said that the company's advance placed it in a "strong position to achieve favourable results for the current fiscal year." In its last fiscal year Heinz earned $167m on sales of $3.6bn.

IBM, Armco and Amax tap U.S. credit market

BY DAVID LASCELLES IN NEW YORK

THE PACE of corporate borrowing in the U.S. bond markets quickened yesterday in the wake of the recent decline in interest rates.

IBM Credit, the finance subsidiary of the large computer manufacturer, issued $125m of notes with an unusual extendability feature which Salomon Brothers, lead underwriter, hopes will give it extra appeal in today's volatile markets. A number of other large corporations gave notice of their intention to sell debt.

The IBM notes have a maturity of three years, but are renewable three times, in 1985, 1988 and 1991, implying that the issue could be for as much as 12 years. IBM Credit will have the option to call the notes on each occasion. If it does not, it will adjust the yield on the notes in line with prevailing interest rates, at a minimum of 101 per cent of comparable Treasury yields.

Salomon Brothers said the note should give IBM flexibility in funding out its short term debt, while tapping the three year market, which is currently one of the strongest. The firm reported considerable investor interest in the issue, and the size was increased from $100m.

The notes carry a coupon of 13⅞ per cent and were tentatively priced yesterday at 99.50 to yield 13.83 per cent. This is about 30 basis points over comparable Treasury securities, an improvement over the spread of 45 basis points that IBM had to pay on its previous issue last autumn.

The notes are rated triple-A, and co-lead manager is First Boston.

Armco, the large Ohio steel company, filed with the Securities and Exchange Commission for $100m of seven-year notes which will be sold in early to mid-March. Co-managed by Goldman Sachs and First Boston, the notes will be callable after five years.

Amax, the metal and mining company, announced plans to sell $100m of 10-year notes and $200m face amount of zero coupon notes, also with a 10-year maturity. The offering will be made later this month through an underwriting group headed by Lehman Brothers Kuhn Loeb.

Both Armco and Amax said the proceeds from the sales will be used to cut their dependence on short-term borrowing from banks and the commercial paper market.

Corporate borrowers have learnt from bitter experience over the last couple of years that rallies in the U.S. bond market can be short-lived, and that they must make the most of the brief "windows" that open up. Although most analysts expect the current rally to last a bit longer, the outlook is mixed at best, and the majority are predicting that rates could go up again as worries about the Federal budget deficit intensify.

General Cinema and Heublein battle hots up

By Our Financial Staff

A DIFFERENCE of opinion in the drink trade was taken a stage further yesterday when General Cinema announced that it intends to buy up to 3m of its own shares in the stock market or through privately-arranged deals.

At the same time the board of the soft drinks company disclosed that it had been discussing the sale of some assets with unnamed parties. Mr Richard Smith, the president, added that Heublein, the vodka distiller and owner of Kentucky Fried Chicken, had told him that it wanted to buy back the 9.7 per cent of its shares recently purchased by Cinema, and that, should this be refused, it would "seriously consider" bidding for 51 per cent of Cinema's equity.

The board of Cinema said that in authorising the stock purchases, it had taken into account the likelihood that this would make it "extremely difficult" for Heublein to obtain control of Cinema.

The directors added that Mr Smith, Mr Stoneman (vice chairman), and their family interests, now owned about 35 per cent of the Cinema equity. Talks with third parties on the sale of certain assets were going on but there could be no assurance that any agreements would be reached.

Last month, Heublein filed a suit in New York to block what it called an "illegal attempt" by Cinema to gain control.

Big disposal by Laenderbank

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S third largest bank, the 60 per cent state-owned Laenderbank, has sold its 40 per cent shareholding in the Banque Continentale du Luxembourg as a further move to cut losses and to improve its balance sheet.

The bank's investment totalled some Sch 130m ($8m), and it is understood that Laenderbank has not incurred a book loss on the deal. The shareholding was sold to the Paribas group of France and a "group of foreign investors."

Meanwhile, delicate negotiations between the Austrian treasury, Laenderbank and Austria's various political parties have reached a decisive stage. It is understood that draft legislation aimed at providing yet more government cash for the loss-making Laenderbank will be presented this week by Finance Minister, Dr Herbert Salcher, in parliament. Laenderbank seeks enough help to finance the writing-off of some Sch 3bn.

The Federal aid is expected to take the form of annual grants enabling the Laenderbank "to present a decent balance sheet" and to pay a regular dividend. In all the failed industrial companies to which the bank was a major lender have cost Laenderbank Sch 4.2bn. To date Sch 1.2bn has been absorbed by drawing on hidden reserves.

The Sch 3bn guarantee facility provided through an Act of Parliament last year was an accounting device which allowed the bank to present a balance sheet for 1980. However, the Government now has to provide more funds.

Profits ahead at Libra Bank

BY WILLIAM HALL, BANKING CORRESPONDENT

LIBRA BANK, the London consortium bank, increased pre-tax profits by 21 per cent to £27.7m ($50m) in the year to end 1981. After allowing for the £10.5m exceptional profit in the 1980 figures, Libra's profits are up by 125 per cent and are the latest example of the surge in profitability demonstrated by a number of Latin American orientated banks.

Libra's performance has been helped by the one-fifth decline in sterling against the dollar over the year. However, it also reflects the benefit of the increased capital, strong growth in loan volume and improved margins.

Libra's assets rose by 54 per cent to £1,245m during the year. Medium-term lending, characterised by loans of over one year to maturity, rose by 70 per cent to £629m, and total loans rose by 55 per cent to £886.4m.

Retained earnings boosted the bank's shareholders funds and reserves by 27 per cent to £51.4m, and subordinated loans more than doubled to £43m. The annual dividend has been increased from £1.13m to £1.63m.

Libra International Bank SA (Libsa), in its second year of operation nearly doubled its profits to just over $6m. Its capital was increased from $1.5m to $10m last year.

During the year Libra managed or co-managed 33 loans for Latin American borrowers totalling about $1.3bn, which was roughly in line with the previous year's performance.

Libra Bank, which has a staff of 130 and was established in October 1972 by 10 of the world's leading banks to "mobilise and channel capital resources to Latin America," is among the most successful of the London-based consortium banks.

Lockheed report qualified by auditor

By Our Financial Staff

THE ANNUAL accounts of Lockheed, the defence and aeronautics company, have been qualified by the outside auditor who refers to the uncertain outcome on the balance sheet of the discontinuance of the TriStar airliner programme at the end of last year.

Lockheed, as previously announced, made a provision of $396.5m for estimated future losses to discontinue TriStar.

The auditor, Arthur Young, said it believes the provision is "reasonable." But that the ultimate loss could be greater or less.

The auditor's opinion was contained in the S-1 statement filed by Lockheed with the Securities and Exchange Commission for a proposed public offering of 2.2m common shares at a planned maximum price of $47.125 a share.

Arthur Young said: "The ultimate effect of discontinuance of the TriStar programme on the financial statements is dependent on future events and other factors, the outcome of which cannot be determined at this time."

RCA videodisc system loses $106m

By Our Financial Staff

RCA lost $106m in 1981 on its Selectavision Videodisc system, which was introduced last March.

The company incurred losses of $55.5m and $21.4m in 1980 and 1979 respectively on the system's development.

RCA had hoped for retail sales of 200,000 disc players—but sold only an estimated 65,000, according to its annual report.

It sold 160,000 of the capacitance electronic disc players to distributors, dealers and other companies for marketing under their own brand names in 1981.

Sales of video discs were stronger than expected at more than 2m albums. Capacity was expanded to 7m discs per year from 2m.

Amfac to close sugar plantations for four weeks

By Our Financial Staff

AMFAC is to close four of its five Hawaii sugar plantations twice in 1982 for two weeks, affecting about 2,500 employees. The company blames depressed prices and heavy losses for sugar.

The closures are in addition to the previously announced rundown and closure of the fifth plantation, Puna Sugar, in Hawaii.

Amfac posted a $31m loss for sugar operations in 1981. Its 1982 first quarter sugar loss is expected to be an "historic high."

The company said the first two-week closures at the four plantations will begin on Monday. The second will be determined later.

Amfac has also declared a moratorium on wage increases for executive and supervisory personnel in its sugar division for the year and a moratorium on most capital expenditures at the plantations.

The domestic spot price for sugar has decreased almost daily for the past two weeks, said the company.

Mr Robert Rostron of Amfac said Hawaii's sugar industry was in grave danger. "Only a concerted effort by the union, the state, the major landowners, the producers and the community at large can provide sugar with a reasonable future."

Doubt over order backlog despite record at Harsco

BY OUR FINANCIAL STAFF

A GAIN of 21 per cent from the previous year's depressed level of profits has brought Harsco, the diversified metals and constructed company to record earnings of $6.5m or 86 cents a share for 1981. The board is confident that results will beheld at its level during the presnet year, despite an expected delay in the predicted upturn in the economy. Sales moved up from $276.5m to $287.7m in fiscal 1981.

Howeer, the board commented that order backlog at the end of last year was at its lowest ever level, as new defence orders slowed down. Of total backlog of $528.9m some 74 per cent was defenc erelated, added the directors.

The final quarter of last year brought signs of a slowdown in the recovery at Harsco, which takes 43 per cent of its earnings from metals products, as castings 27 per cent from construction products and 20 per cent from fabricated metals activities.

The final quarter brought a gain of only 9 per cent in profits, compared with gains of around 21 per cent earlier in the year. Sales too showed a slower gain at $287.7m against $276.3m.

Fluor first quarter shows decline

By Our Financial Staff

FLUOR CORPORATION, the major construction engineering group which last year acquired St Joe Minerals for around $2bn, reports lower per share earnings for the first quarter of 1981-82.

Net profits are $39.8m for the quarter ended January, 1982, compared to $35.2m a year earlier, but at the per share level the result is sharply lower at 51 cents, against 72 cents. The St Joe acquisition involved a cash payment of $1.2bn plus 30m new shares.

Sales improved to $1.75bn from $1.25bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 23. Closing prices on March 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	104	104½	+0¼	+1⅛	15.37
APS Fin. Co. 17⅛ 86 ...	60	106	106½	+0¼	+1½	15.17
APS Fin. Co. 16⅞ 89 ...	75	103⅞	103⅞	+0⅜	+2⅛	15.37
APS Int. Fin. 16 89 ...	25	†98	98½	—	—	16.42
Armco O/S Fin. 15⅝ 86	50	99⅞	100⅛	0	+0⅜	15.31
Baker Int. Fin. 0.0 92 ...	225	25¼	25⅞	—	—	14.22
Bank Montreal 16¾ 91	150	103⅞	104⅜	+0½	+2½	15.38
Br. Colum Hyd. 16¾ 88	100	103⅞	104⅜	+0⅛	+1⅜	15.16
Br. Colum. Mfa. 17 97	54	103⅞	104⅜	+0⅛	−0½	16.21
Can. Nat. Rail 14⅞ 91	100	97½	98	+0⅛	+2½	15.04
Carolina Power 16½ 89	60	102½	103	—	—	15.80
Caterpillar Fin. 16½ 86	100	104⅛	104⅝	+0⅛	+1⅛	15.04
CFMP 16¾ 96	100	102⅛	102⅝	0	+0½	16.27
CIBC 16⅞ 91	100	105⅛	105⅝	+0½	+2⅛	15.55
Citicorp O/S 16⅞ 86 ...	150	104⅛	104⅝	+0½	+1⅛	15.27
Cons.-Bathurst 17½ 88	60	103	103½	+0⅛	+0½	16.59
Dupont O/S 14½ 88 ...	400	99⅞	100⅛	+0⅛	+1⅛	14.45
Dupont O/S Cap. 0.0 90	300	35⅛	35⅝	+0⅛	+1	14.00
EIB 16⅞ 91	100	105	105½	+0½	+2⅛	15.61
Gen. Elec. Credit 0.0 92	400	28⅛	28⅝	−0½	+0⅛	13.24
Gen. Elec. Credit 0.0 93	400	25⅞	26⅛	0	+0½	12.62
GMAC O/S Fin. 16½ 84	300	101⅞	102⅜	+0¼	+0⅜	15.33
GMAC O/S Fin. 16 88	150	100⅛	100⅝	+0⅛	+2⅛	15.85
GMAC Fn 0.0 92 (Oct)	400	†25⅞	26⅛	—	—	13.26
Gulf Oil Fin. 0.0 92 ...	300	26⅞	27⅛	—	—	13.66
Gulf States O/S 17½ 88	60	104⅞	105⅜	−0⅛	+1	16.13
Japan Airlines 15⅞ 88	50	101	101½	+0⅛	+1	14.89
Japan Airlines 7⅞ 87 ...	37	†100½	101	—	—	7.88
Japan Dev. Bk. 15½ 87	50	101½	102	—	—	14.95
Nat. Bk. Canada 16½ 88	40	100⅞	101⅜	0	+0½	16.81
Nat. West 14¾ 91	100	99⅛	99⅝	+0½	+1⅞	14.84
New Brunswick 17 88	60	107⅛	107⅝	+0½	+2⅛	15.05
New Brunswick 16⅞ 89	75	102½	103	—	—	15.57
New & Lab. Hy. 17⅛ 89	75	104⅜	104⅞	0	+0⅜	16.10
Ohio Edison Fin. 17½ 88	75	106⅛	106⅝	+0⅛	+1⅛	15.80
OKG 15⅞ 97	50	99⅛	99⅝	+0⅛	+0⅜	15.91
Ontario Hyd. 16 91 (N)	200	104½	105	+0⅛	+2⅛	14.99
Pac. Gas & El. 15⅞ 89	80	103⅝	104⅛	+1⅛	+3½	14.78
J. C. Penney Gl. 0.0 94	350	21	21½	+0⅛	+0½	11.50
Quebec Hydro 17¼ 91	150	108	108½	+0⅛	+2⅛	15.48
Quebec Prov. 15⅞ 89	150	98½	99	+0⅛	+2⅛	15.49
R J Rynlds. O/S 0.0 92	400	26⅛	26⅝	—	—	13.92
Saskatchewan 16⅜ 88	100	102⅞	103⅜	+0⅛	+1⅛	15.41
Statsforetag 15⅞ 87 ...	50	99½	100	−0⅛	+0⅞	15.78
Sweden 14½ 88	150	96	96½	+0½	+2	15.38
Swed. Ex. Cred. 16½ 93	75	101½	102	+0¼	+0⅜	16.11
Texas Eastern 15⅞ 88	75	100⅛	100⅝	+0½	+1⅛	15.73
Transcanada 16 89 ...	100	99⅝	100⅛	+0⅛	+1⅛	15.98
Winnipeg 17 86	50	106⅛	106⅝	+0⅛	+1½	14.90
WMC Fin. 15½ 88	50	97	97½	+0⅛	+0⅜	16.15
World Bank 16½ 86 ...	130	104⅞	105⅜	+0⅛	+1½	14.83
World Bank 16½ 88 ...	100	104⅝	105⅛	+0⅛	+1½	15.20

Average price changes... On day +0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅞ 91	300	99	99½	+0⅛	+0⅜	9.48
Belgelectric 11 91	100	101⅝	102⅛	+0⅝	0	10.63
CECA 10 91	120	101½	102	+0⅛	+0½	9.72
Coun. of Europe 10 91	100	100⅜	100⅞	0	+0⅛	9.91
C. of Europe 10¼ 91	100	101⅜	101⅞	−0⅛	+0⅜	9.98
EEC 10⅛ 93	100	101	101½	0	+0⅛	9.94
EIB 10½ 91	200	102⅞	103⅜	+0⅛	+0⅛	9.93
EIB 9¾ 88	60	99⅝	100⅛	+0⅛	+0⅛	9.78
Finland, Rep. of 10¼ 86	100	101	101½	+0⅛	+0⅛	10.08
Inter-American 10 91 ...	100	101⅝	102⅛	−0⅛	+1⅛	9.68
Inter-American 10⅛ 91	100	101⅜	101⅞	−0⅛	+0⅛	9.98
Ireland 10⅛ 86	100	100⅛	100⅝	−0⅛	+0⅛	10.00
Mexico 11 88	100	100⅛	100⅝	−0⅛	+0½	10.90
Midland Int. Fin. 8½ 90	150	93⅝	94⅛	+0⅛	+0⅛	9.51
Mt. Bk. Dnmk. 10½ 91	100	100⅛	100⅝	−0⅛	+0½	10.42
Nat. West. 9⅞ 92	100	101	101½	+0⅛	+1⅛	9.66
New Zealand 9⅞ 89	200	101	101½	+0⅛	+0⅛	9.50
OKB 10⅜ 91	150	101⅞	101⅞	+0⅛	+0⅛	9.88
OKB 9⅞ 86	150	99⅜	99⅞	0	+0⅛	9.84
Quebec Hydro 10¼ 91 ...	150	101⅞	102⅜	0	+0⅛	9.98
Swed. Ex. Cred. 10⅛ 91	100	99½	100	0	+0⅛	10.27
Venezuela 11½ 91	100	100⅜	100⅞	+0½	+0⅛	11.37
World Bank 10 91	250	103⅞	104⅜	+3	+1⅛	9.38

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	†102	102½	+0⅛	+1⅛	7.17
Asian Dev. Bank 8 90	80	*102⅛	102⅝	+0⅛	+0⅛	7.59
Australia 6⅞ 93	100	†103½	104	+1	+1⅞	6.29
Belgelectric 7½ 91	80	†100⅛	100⅝	+0½	+0⅛	7.44
Bell Canada 7⅛ 93 ...	100	†105	105½	+1½	+2⅛	6.59
Bet. de Autopistas 8 90	50	†100⅛	100⅝	+0⅛	+1⅛	7.93
Denmark 7¼ 91	100	†98½	99	+1⅛	+1⅛	7.43
Dome Petroleum 7¼ 90	100	*101⅛	101½	+0⅛	−0½	7.02
EIB 7⅛ 92	100	†101½	102	+1⅛	+3⅛	7.00
Elet. de France 7 92 ...	100	†100	100½	+0⅛	+2⅛	6.96
ENEL 8 92	44	†100½	101	+0½	+1½	7.89
Genstar 7 91	100	*101	101½	+0⅛	+0½	6.83
I/S Elsam 8½ 91	80	*104	104½	0	+0⅛	7.88
Japan Air Lines 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Neder. Gasunie 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. 7⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ost. Donaukraft 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saint-Etienne 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cred. 7⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TNT O/S Fin. 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transcanada Pipe. 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0⅛ on week +1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 91	15	100	101	[illegible]	[illegible]	[illegible]
Australia 8⅝ 88	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 8⅝ 87	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 8⅝ 91	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8⅞ 87	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†98⅛	98⅝	+0⅛	+0⅜	17.36
CIBC 15⅞ 89 C$	75	†95⅞	96⅜	+0½	+1⅛	16.74
Pancanadian 16½ 88 C$	65	†97⅜	97⅞	0	+0⅛	17.08
Quebec 17½ 87 C$	50	†102½	103½	0	0	16.56
Queb. Urban 16⅞ 86 C$	20	†100	101	0	0	16.57
Tordom Cpn. 16½ 88 C$	25	†97½	98	0	+0½	[illegible]
Transalta 17 89 C$	50	†100	100½	+0¼	+1⅛	16.82
M. Bk. Dnmk. 9 91 EUA	25	86½	87½	−0⅛	−0⅛	11.27
SOFTE 8⅞ 89 EUA	40	79⅞	80	−0⅛	+0⅛	12.81
U. Bk. Nwy. 9⅞ 90 EUA	18	92	93¼	0	−0½	10.88
Algemene Bk. 10¼ 86 Fl	60	99⅝	100½	+0⅛	+0⅛	10.29
Amfas Group 12⅛ 86 Fl	40	103⅛	103⅝	0	0	11.36
Amro Bank 12 86 Fl ...	75	103½	104	+0⅛	+1⅛	10.83
Amro Bank 12 86 Fl ...	60	103½	104	+0⅛	+1⅛	10.89
Heineken NV 10 87 Fl ...	100	96⅞	97⅜	0	+0½	10.77
Pierson 10⅛ 86 Fl	50	98⅜	98⅞	+0⅛	+0⅜	10.88
Rabobank 12 86 Fl	50	103⅛	103⅝	+0⅛	+0⅞	10.93
OKB 14 86 FFr	400	93⅞	94⅜	+0⅛	0	15.95
Solvay et C. 14⅛ 86 FFr	200	94⅞	95⅜	−0⅛	−0½	15.59
Acona 14 85 £	20	93⅞	94⅞	+2⅛	+2⅞	16.06
Beneficial 14⅛ 90 £	20	86⅛	87⅛	+0⅛	+0⅜	17.26
BNP 13½ 91 £	15	90⅛	91⅛	+1½	+3⅜	15.36
CECA 13½ 88 £	20	93⅞	94⅞	+1⅜	+3	14.89
Citicorp O/S 13½ 90 £ ...	50	94⅛	95⅛	+0⅛	+3⅛	14.86
Fin. Ex. Cred. 13¾ 86 £	15	95	96	+0⅞	+3	15.30
Hiram Walker 14⅛ 86 £	25	96½	97½	+0½	+1½	15.39
Privatbanken 14½ 88 £ ...	12	92⅞	93⅞	+1⅛	+1⅛	16.40
Reed (Nd) NV 16⅛ 89 £	25	100⅝	101⅝	—	—	15.48
J. Rothschild 14⅛ 90 £	12	96⅝	97⅝	+0⅛	+2⅛	14.79
Royal Trustco 14 86 £ ...	12	95⅛	96⅛	+0⅛	+1	15.55
Swed. Ex. Cr. 13⅞ 86 £	20	95⅜	96⅜	+1⅛	+2⅛	15.19
Akzo 9⅛ 87 LuxFr	500	91⅞	92⅞	−0⅛	+2⅛	11.25
Euratom 9⅞ 88 LuxFr ...	500	92½	93½	+3⅛	+4⅛	11.27
Eurofima 10½ 87 LuxFr ...	500	95½	96½	+0⅛	+2⅛	11.80
EIB 9⅞ 88 LuxFr	600	93⅛	94⅛	+1⅞	+3⅛	11.28
Volvo 9⅞ 87 LuxFr	500	92⅝	93⅝	+1⅞	+4	11.40

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 91	0¼	99½	100	29/4	17.06	17.11
Bank of Tokyo 5¼ 91 ...	0⅛	100⅜	100⅞	10/6	13⅛	13.17
Bk. Nova Scotia 5¼ 93	0⅛	99⅝	100⅛	29/4	17.06	17.06
BFCE 5¼ 88	0¼	99⅞	100⅛	26/4	16.94	16.94
BFCE 5¼ 87	0⅛	100	100½	27/7	16⅛	16.21
Christiania Bk. 5½ 91 ...	‡0⅛	99½	100	5/6	16	16.04
Co-Ban Eurofin 5½ 91 ...	0⅛	98⅞	99⅜	14/4	16.69	16.85
Credit Nat. 5⅛ 94	0¼	99¼	99¾	9/3	5⅛	5.26
Denmark, Kngdm. of 92	0⅛	98⅝	99⅛	25/2	15.44	15.61
Den Norske Cred. 5½ 93	0¼	97⅞	98⅜	4/6	13.58	13.92
Genfinance 5¼ 92	0⅜	99⅞	100⅜	30/6	15⅛	15.48
GZB 5¼ 92	‡0¼	99⅛	99⅝	8/6	14.94	15.03
Ind. Bank Japan 5¼ 88	0⅛	99⅜	100⅛	9/6	13.31	13.31
Lloyds Eurofin 5¼ 93 ...	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5½ 89	0⅛	99½	100	16/7	15.31	15.35
Midland Int. Fin. 9 91 ...	0⅛	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88	0¼	†96½	97	25/3	17.31	17.88
Nat. Bk. Canada 5¼ 88	0⅛	99⅜	99⅞	24/3	17.31	17.36
Nat. West. Fin. 5¼ 91 ...	§0¼	99½	100	15/7	15.19	15.23
Nippon Credit 5¼ 90 ...	0⅛	99⅝	100⅛	10/8	16.06	16.08
Nordic Int. Fin. 5⅛ 91 ...	0¼	98⅝	99⅛	6/5	15⅞	15.80
Offshore Mining 5¼ 91	0⅛	98⅞	99⅛	2/6	13	13.33
Pemex 6 91	0⅛	96½	97	8/4	17	17.57
PKbanken 5 91	0⅛	98⅞	99⅜	17/6	14⅛	14.50
Sanwa Int. Fin. 5¼ 88 ...	0¼	†99⅛	99⅝	24/3	17⅛	17.34
Scotland Int. 5¼ 92	0⅛	98½	99	23/3	13.94	14.11
Sec. Pacific 5½ 91	0⅛	98⅞	99⅜	24/6	13⅛	13.37
Societe Generale 5¼ 91	0⅛	99	99½	22/7	15⅛	15.37
Standard Chart. 5¼ 91	0⅛	98⅝	99⅛	19/5	13.31	13.46
Sumitomo Fin. 5½ 88 ...	0⅛	99⅝	100⅛	9/8	16	16.00
Toronto Domin'n 5¼ 92	0⅛	100⅛	100⅝	11/8	16⅛	16.31

Average price changes... On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	92⅛	93⅝	+1⅞	6.03
Bow Valley Inv. 8 95 ...	4/81	23.12	94½	96	−0⅛	61.43
Bridgestone Tire 5½ 96	3/82	470	86⅛	87⅛	−0⅛	−5.31
Canon 6⅛ 95	1/81	829	94⅛	96⅛	+2⅛	6.36
Daiwa Secs. 5½ 96	12/81	513.3	†64	66	+1	−7.97
Fujitsu Fanuc 4½ 96 ...	10/81	6770	97⅛	99⅛	−0⅛	8.34
Furukawa Elec. 5⅛ 96 ..	7/81	300	100½	101½	+0⅛	−8.79
Hanson O/S Fin. 9½ 96	8/81	1.36	†93	94½	+6⅛	−2.12
Hitachi Cable 5⅛ 96	2/82	516	90⅛	92⅛	+0⅛	−2.87
Hitachi Cred. Con. 5 96	7/81	1773	79	81	+0⅛	4.06
Honda Motor 5½ 97	3/82	841	84½	86	+2	8.94
Inchcape 8 95	2/81	4.65	†80½	82	+1½	20.64
Kawasaki 5⅛ 96	9/81	229	66½	68	0	1.86
Marui 6 96	7/81	931	95⅛	96⅛	+0⅛	3.82
Minolta Camera 5 96 ...	10/81	909	62⅛	63⅛	+1⅛	11.27
Minorco 9⅞ 97	5/82	8.16	84	86	−5½	8.16
Murata 5⅛ 96	7/81	2190	62	63½	+0½	13.42
NKK 6½ 96	7/81	198	79½	81	+1	−22.62
Nippon Chemi-C. 5 91 ...	10/81	919	60	62	−0⅛	3.61
Nippon Electric 5⅛ 97 ...	2/82	846	95⅛	96⅛	+2⅛	12.75
Orient Finance 5⅞ 97 ...	3/82	1567	90⅛	91⅞	−0⅛	7.47
Sanyo Electric 5 96	10/81	652	†69½	71	+2½	7.76
Sumitomo Met. 5⅛ 96 ...	10/81	305	64⅛	65⅞	+0⅛	8.59
Swiss Bk. Cpn. 6⅛ 90 ...	9/80	191	*71½	73½	−0⅛	14.96
Konishiroku 6 90 DM	2/82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi H. 6 89 DM	2/82	263	[illegible]	[illegible]	[illegible]	[illegible]

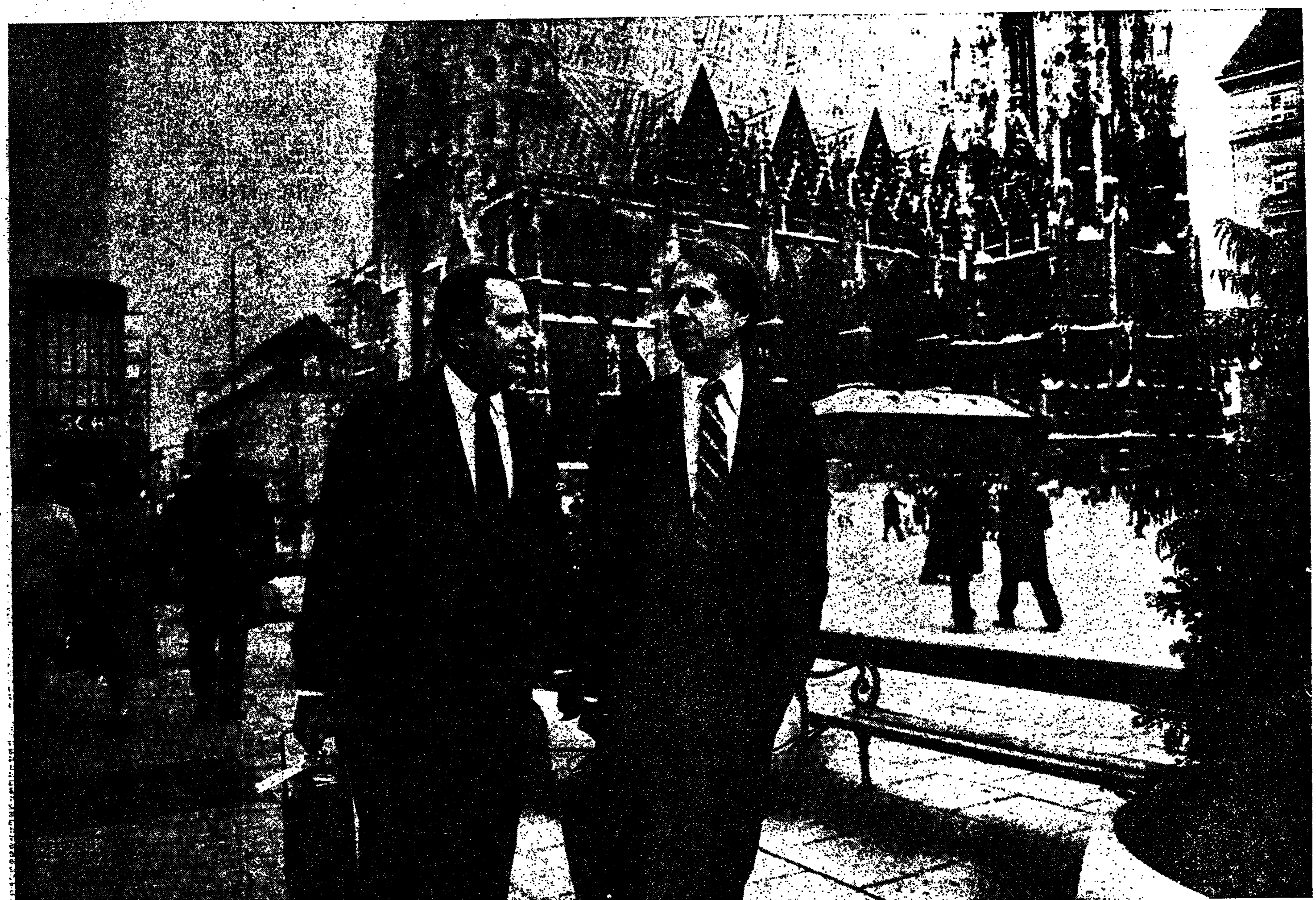
* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Why Morgan leads all U.S. banks in international correspondent banking



Two of the Morgan officers who serve financial institutions around the world are shown in Vienna. From left, Frederick Tetzeli, who heads the European Correspondent Banking Department, and Wilhelm Amtage, in charge of Germany and Austria.

The Morgan Bank is a leader in serving financial institutions all over the world. In fact, Morgan ranks first among all U.S. banks in the important category of demand deposits due to foreign banks, with more than $1.3 billion.

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☐ Helping an Italian bank acquire a U.S. bank.

☐ Structuring parallel loan financings in pesetas and dollars with Spanish banks.

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Heavy financial costs hit Swedish paper group

BY WILLIAM DULLFORCE IN STOCKHOLM

BILLERUD, the Swedish pulp, paper and packaging group, yesterday reported a sharp drop in 1981 earnings to SKr 75m ($13m) from SKr 192m in 1980. Sales rose by 9.6 per cent to SKr 3.67bn.

The board proposes to pay an unchanged SKr 7 a share dividend, although the net adjusted return is given as SKr 3.50 a share against SKr 17.40 in the previous year. The company raised its dividend in 1980 to SKr 7 from SKr 4 in 1979, having passed the dividend in 1978.

The setback at Billerud's is attributed to the effect of the general recession on the Swedish pulp, paper and timber business. A high level of capital spending, SKr 540m last year, has also drawn heavy interest charges which pushed up net financial debits from SKr 141m to SKr 211m.

It can be deduced from the figures that the forest product operations in Sweden ran at a loss last year. By contrast Celbi, the Portuguese subsidiary, more than doubled operating profit to SKr 155m on a turnover of only SKr 335m and contributed more than half the group operating profit of SKr 286m.

This operating profit included SKr 112m in stock appreciation. In the Swedish timber, pulp and paper business operating income tumbled from SKr 160m to SKr 21m on sales of SKr 2.26bn. Packaging improved its operating profit slightly to SKr 63m with sales growing by 28 per cent to SKr 703m.

Billerud shows a net extraordinary income of SKr 150m, of which SKr 194m comes from the sale of electric power assets to a distribution company which it owns jointly with Uddeholm, the steel concern.

The company is more hopeful about the trading outlook in 1982. Rationalisation and the return from investments which have recently been completed will offset cost increases. At the same time the general price level for products is expected to be higher.

Norway steps up capital spending

By Fay Gjester in Oslo

NORWEGIAN industrial capital spending abroad rose by 58 per cent last year to over NKr 1bn ($167m), according to the Bank of Norway. The figure, which does not cover investment in foreign shipping ventures, is based on currency licences granted by the bank.

The NKr 385m rise over 1980 reflects a number of important individual deals, like the purchase by Elkem from Union Carbide of several smelting plants. Of NKr 560m invested in the U.S. last year, the Elkem/Union Carbide deal accounted for NKr 360m.

After the U.S., Sweden was the country that attracted most Norwegian investment in 1981, with Norsk Hydro's acquisition of a 75 per cent stake in Supra, the Swedish fertiliser company, boosting the total considerably.

Foreign investments in Norway last year reached NKr 356m—NKr 54m up on a year earlier.

Statistics are also available for non-residents' holdings of shares in Norway. These show that at end 1980 foreigners had shares in 1,739 Norwegian companies (including shipping companies) with a total par value of NKr 4bn.

● Jonas Oglaend, a Norwegian manufacturing company, has sold the international marketing rights for its Move-O-Matic international robot to Fairey Automation of the UK for about NKr 8m ($1.34m).

Ashok Leyland has record year

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ASHOK LEYLAND, the Indian truck and bus producer in which BL has a 50.6 per cent shareholding, had a record year in 1981 with after-tax profits reaching Rs 150m ($15m) compared with Rs 126.5m in 1980.

Sales revenue jumped from Rs 20.43bn to Rs 26.01bn. The trading profits were Rs 2.48bn last year, against Rs 1.7bn in 1980.

The dividend was held at 20 per cent for the year.

Ashok said it had to overcome the problems associated with material supply and a labour dispute at one of its new manufacturing plants to achieve its record last year.

Vehicle sales and production increased by 2,000 or 15 per cent to 15,031.

Ashok, which employs more than 10,000 people, brought its Hosur plant into production last year and began building two other plants — at Bhandara, near Bombay, and Alwar near Delhi.

The plants will boost Ashok's capacity to 40,000 trucks and buses a year by the late 1980s. 1980s.

BL's other Indian subsidiary, Ennore Foundries, in which it has a 69.1 per cent stake, partly held via Ashok, also improved its financial results last year.

Sales rose from Rs 165.4m to Rs 219m, the profit before tax to Rs 33.5m from Rs 24.5m while the net profit reached Rs 23.4m, up from Rs 14.6m.

Ennore, which like Ashok is based at Madras, increased output last year by more than 16 per cent to 19,510 tones.

Incentive profits decline

By William Dullforce in Stockholm

INCENTIVE, the Swedish investment company which controls about 20 small engineering and trading companies in process of development, reports a decline in pre-tax profit after extraordinary items from SKr 148m to SKr 120m ($21m) last year.

The board recommends an unchanged dividend of SKr 8 a share on the ordinary stock. Under the present market outlook it estimates that the group's earnings this year will be "not inconsiderably" better than last year's.

Group sales climbed in 1981 by over 22 per cent to SKr 4.2bn. Incentive, which belongs to the Wallenberg banking and industrial group, was founded to provide finance and management for companies with new, advanced products and ideas.

Recently Incentive has expanded in the U.S. where it has 12 subsidiaries. These turned in a combined profit of SKr 25m on sales of SKr 455m last year.

In Sweden the best results last year were recorded by Carl Munters, which makes heat exchangers and dehumidifiers and has large exports, and Skega, which produces rubber components and seals.

Increased earnings from National Bank of Kuwait

BY JAMES DORSEY IN KUWAIT

NATIONAL BANK of Kuwait, the oldest and largest commercial bank in the country, has increased its net profits for 1981 by 28 per cent to KD 16m ($58m).

Its balance-sheet total rose by 42 per cent to KD 1.95bn ($7bn) from KD 1.37bn, reinforcing its position in the top five of Arab banks.

The banw, which last November took majority control of Banque Franco-Arabe d'Investissements Internationaux (Frab Bank), the Paris-based consortium bank, is proposing to pay an 18 per cent dividend.

NBK led 18 syndicated loans last year with a total value of $1.4bn which included six Kuwaiti dinar deals with a combined value of KD 47m.

● Bank of Kuwait and the Middle East has reported a 31 per cent gain in net profits to $16m and a 35 per cent growth in assets to $2.6bn.

Kuwait banks were able to increase their activities and diversify their operations in European currency markets and joint international lending because of continued assistance by the Ministry of Finance, Kuwait Bank said.

Malaysian textile results reflect weak trading

BY WONG SULONG IN KUALA LUMPUR

TWO MALAYSIAN textile companies report setbacks in earnings, reflecting the difficult times which the once buoyant industry is now experiencing.

The long delisted Folex Industries suffered a net loss of 4.25m ringgit ($1.8m) for the year ended August 1981. South Pacific textiles saw net profit fall by more than 45 per cent to 2.7m ($1.2m) ringgit for the year ended September.

However, sales were 18 per cent higher at 40m ringgit, and South Pacific is at least maintaining its final dividend at 10 per cent.

Folex directors say the future of the company, which now has an accumulated loss of over 34m ringgit, lies in the major capital reconstruction scheme approved by shareholders last year.

However the scheme is being withheld, apparently because the authorities are not prepared to allow a relisting of Folex shares since the company is still heavily in the red.

Fidis to quadruple net profits

By James Buxton in Rome

FIDIS, a financial holding company controlled by Fiat with stakes in Italian finance and industry, is expected to announce quadrupled net profits of L20bn ($15.8m) for 1981 and gross profits of L32bn.

The increased profitability has come in part from a reorganisation of Fidis in the past two years. This included a rise in capital from L15bn to L125bn and the transfer to Fidis of certain important assets, including a 25 per cent stake in Weber, one of Fiat's major components suppliers.

Bonds issued by Fidis are now quoted on the Milan Stock Exchange and will be convertible for one month each year starting this June. By 1986 Fiat's stake in Fidis, which is currently 100 per cent, should drop to about 40 per cent.

The portfolio of Fidis is valued at about L160bn of which some L60bn is in financial holding companies, L70bn in industry, and some L30bn in property. It is the vehicle for Fiat's stakes in such companies as Pirelli and Olivetti.

Last year Fidis took an important stake in Montedison, the troubled chemical company, through a consortium of private companies called Gemina. It also subscribed to the large increase in Montedison's capital.

INTERNATIONAL APPOINTMENTS

Chicago Board Options Exchange posts

● THE CHICAGO BOARD OPTIONS EXCHANGE has promoted five exchange officials to its board of directors.

Mr Joseph Duhamel, head of the exchange's computer systems operations and formerly a senior vice-president, was named an executive vice-president.

Mr John Gill, formerly assistant vice-president, market regulation, was named a vice-president. Mr Gill's responsibilities will remain in the regulatory area.

Mr Rocco Freda was appointed an assistant vice-president in the exchange's systems division. He was director, systems liaison, based in the New York office.

Mr Stanley Schretter, director, trade processing operations, was named an assistant vice-president in the systems division.

Mr Thomas Thrall was appointed an assistant vice-president in the floor operations division. He was director, management information systems.

● GULF RESOURCES AND CHEMICAL CORPORATION, Houston, Texas, has appointed Mr John H. Lollar as executive vice-president—operations. He has served as president of Gulf's subsidiary Pend Oreille Oil and Gas Company since 1977 and has also served in the additional post of president of BS&B Engineering Company, also a subsidiary of Gulf, since February 1981. Two associated appointments were announced at Pend Oreille Oil and Gas Company. Mr Wilbur L. Stevenson has been appointed president. He has served as vice-president, exploration of Pend Oreille since 1977. Mr Glenn W. Patterson was appointed executive vice-president, drilling and production. He joined Pen Oreille in 1976. Mr Carl W. Wilson, Jr has been appointed to succeed Mr Lollar as president of BS&B Engineering Company, which specialises in oil and gas process engineering services. Mr Wilson joined BS&B in 1981 as president of the Western Hemisphere Group. Prior to that he served as vice-president, division manager of Wilson Industries, Inc.

● Mr William T. Herndon has joined SECURITY PACIFIC NATIONAL BANK as senior vice-president for operations in the international banking group. He was formerly with Citibank NA, most recently as vice-president in the Northern European region based in London.

● Mr Osvaldo Agatiello, representative of BANCO DE LA NACION ARGENTINA in Tokyo, has been appointed representative of the bank in Frankfurt in succession to Mr G. Besse, who is returning to Buenos Aires to the head office international division.

● In Melbourne, Florida, HARRIS SEMICONDUCTOR has split its digital products division, isolating its CMOS and bipolar product groups into separate profit centres. Dr Robert M. Brill, previously vice-president of research and development engineering, has been named general manager of the newly-formed CMOS digital products division. Mr Stanley Rosenberg has been named vice-president—general manager of the new bipolar digital products division. Dr Joseph E. Rowe succeeds Mr Rosenburg as vice-president—general manager of the semiconductor programs division. Dr Rowe was previously head of the Harris controls division.

● Mr Charles V. Larson has joined BANKERS TRUST CO. as vice-president in the mergers and acquisitions group of the corporate finance services department. He was with the investment banking unit of Blyth Eastman Paine Webber Inc.

● AYEROK PETROLEUM, the Canadian-based oil, gas and gold producing company, has appointed Mr Stephen Wayne Singer of Calgary, Alberta to its board. Mr Singer is also a director of Pawnee Oil Corporation of Vancouver, BC; president of Uagama Investments of Calgary, Alberta; and a director of United Management of Calgary.

● Mr Craig W. Rothwell has been appointed manager of the London City branch of CANADIAN IMPERIAL BANK OF COMMERCE with responsibility for the UK and Ireland. Mr Rothwell replaces Mr Ronald S. T. Robbins who has returned to Canada to take up the appointment of vice-president and regional general manager, Manitoba.

● Mr George L. Schueppert has been appointed a senior vice-president of CONTINENTAL ILLINOIS NATIONAL BANK and TRUST COMPANY OF CHICAGO. Mr Schueppert is based in Paris and is a division head in multinational banking services.

● Mr Richard Strauss, President of Balston, Inc., has been appointed a director of WHATMAN REEVE ANGEL. He is chief executive of the Balston division which manufactures and markets high efficiency gas and liquid filtration.

● Mr James P. Heffernan has been named vice-president of GENERAL INSTRUMENT CORPORATION (GRL-NYSE). He will initially be responsible for the corporate staff functions of plant engineering, fleet administration and quality control.

● Mr Gerald R. Ford, former President of the United States, has been elected to the board of AMERICAN EXPRESS COMPANY. Mr Ford is also a member of the board of directors of Shearson/American Express Inc., which merged with American Express in June 1981.

● BANQUE ARABE ET INTERNATIONALE d'INVESTISSEMENT, Paris, has appointed Mr Daniel Boudvillain as director of the credit department; and Mr Bertrand Delatire as head of data processing and organisation. Mr Boudvillain comes from the Banque Nationale de Paris, and Mr Delatire was previously manager in the consulting division of Arthur Andersen and Cie, Paris.

● Mr Michael Gleeson-White has been appointed a director of WEEKS PETROLEUM to fill the unexpired term of the late Sir Oscar Meyer. Mr Gleeson-White is a director of Weeks Australia and was a director of J. Henry Schroeder Wagg and Co. and chairman of Schroeder Darling and Company Holding. He resides in Sydney, Australia.

● Mr Frank J. Nelson will head a new exploration office in Santiago, Chile, for FREEPORT CHILEAN EXPLORATION COMPANY, a unit of Freeport-McMoRan Inc. He has been appointed executive vice-president and general manager of the new company.

● NATOMAS CO., San Francisco, has appointed Mr J. Herbert Gaul as company treasurer.

JAPAN TO DISCONTINUE INTEREST SUBSIDIES

Shipowners forecast record profits

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Government is to discontinue from April 1 the interest rate subsidy for domestic shipping lines which order locally made ships.

The decision was influenced by the shipping lines' forecasts of continued strong earnings performances and large order books at the shipyards.

For example, Nippon Yusen, the world's largest ship line in terms of numbers of hulls owned, is expecting a 60 per cent increase in operating profits for the year ended March 31 to a record Y30bn ($130m).

For the six months ended September 30 Nippon Yusen reported operating profits of Y17.75bn, up 81 per cent from a year earlier.

The company's earnings growth has held up reasonably well in the second half because it signed freight contracts before the sharp downturn in the market last summer. It also benefited on dollar denominated freight charges from the yen's depreciation.

In common with some other shipping companies, Nippon Yusen will divert some profits to reserves to keep below the 20 per cent return on capital threshold above which it must repay the subsidies.

It hopes to keep net profits to about Y8bn, against Y7.38bn in the first half and Y6.75bn in the last fiscal year, by retaining more than Y10bn.

All six of the major companies took such action with their interim results, sometimes with marked effect. Without the reserves, half-year operating results of Mitsui OSK, for example, would have been double the Y10.48bn reported. The other four lines in the group are Kawasaki Kisen, Japan Line, Yamashita-Shinnihon, and Showa Line.

The interest subsidy operated from 1953-74 to help build up the Japanese flag merchant fleet by compensating shipowners for the high cost of employing Japanese crews.

The programme was resumed in 1979 as a three-year emergency measure to help restore the competitiveness of Japanese lines and to stimulate orders for domestic yards.

Under the present programme the government covers 3.5 per cent per year of the interest charges on liquid natural gas (LNG) carriers and 3 per cent on cargo liners. The subsidies are funded by the Japan Development Bank.

For the coming fiscal year the JDB is budgeting Y134.5bn but the money is available only for some specific categories of ships such as LNG carriers.

The ship ordering plans of Japanese lines for fiscal 1982 are not yet finalised but the orders are likely to shrink considerably from a year ago because of the termination of the interest subsidies.

In addition, the recent slowdown in exports is believed to have dampened demand for cargo liners and car carriers while the slow recovery of domestic economic activity is holding down demand for new iron ore and coal carriers.

There is some need to replace obsolete containerships but these are highly unlikely to be covered by JDB loans.

The ending of the subsidies might open up shipbuilding finance for foreign banks. A number of them, including Grindlays, Chemical Bank, and Citibank have already become active in the field.

Guthrie Sri Lanka plan in doubt

BY WONG SULONG IN KUALA LUMPUR

A PLAN by Guthrie, the U.K. incorporated but now Malaysian owned plantation giant, to develop a 24,000 acre oil palm estate in Sri Lanka is now in doubt following opposition from influential quarters on the island.

Under the plan, Guthrie has proposed investing US$50m over five years to develop the land which is in the Mahaveli River irrigation scheme in the North central province of Sri Lanka.

Guthrie, through its Sri Lankan subsidiary, would own 12,000 acres under the plan while the other 12,000 acres would be cultivated by smallholders under Guthrie's direct supervision.

The irrigation scheme has been designated a free trade zone enterprise, giving it such incentives as a seven-year tax holiday followed by low income taxes for the next 15 years.

The deal was negotiated before Guthrie was taken over by Permodalan Nasional, the Malaysian government investment agency, last September, although the letter of intent with the Mahaveli River Development Authority was signed in October.

Since then, Sri Lankan opposition parties and unions have criticised the deal and the World Bank, which is financing part of the US$2bn Mahaveli scheme has expressed reservations that such a large area should be given to a private foreign corporation.

Sri Lankan ministers have recently been quoted as saying the government was "re-thinking" the deal. The opposition wants the land to be given to local rice farmers.

The Sri Lankan government is considering setting aside another area outside the Mahaveli River basin for Guthrie, although it is difficult to find a suitable piece of similar size elsewhere.

Guthrie's management in Kuala Lumpur said final negotiations were still going on with the Sri Lankan authorities but would not comment further.

● Meanwhile a Malaysian team, led by Datuk Paul Leong, the primary industries minister, is in New Delhi in efforts to consolidate the Indian market which has become crucial for Malaysian palm oil.

India has emerged as the biggest purchaser of Malaysian palm oil, taking 400,000 tonnes last year or 17 per cent of Malaysian output. Malaysia has to find outlets for the increasing volumes of palm oil from its new plantations at a time of world recession and increasing competition.

Advance by Siemens India

By R. C. Murthy in Bombay

SIEMENS INDIA has increased profits by 33 per cent in the year to September 1981, the first year after restructuring its activities to fulfil the conditions laid down by the Reserve Bank of India under the Foreign Exchange Regulations Act.

The offshoot of the West German engineering company was asked to shed the marketing of cables and electric motors manufactured by its associate companies, Cable Corporation of India and and Bharat Bijlee as a condition for retaining a 51 per cent foreign shareholding.

In fiscal 1980, cables and electric motors of its associate companies accounted for Rs 650m ($70m) of Siemens India turnover. But the company has made up substantially the loss of sales by expanding its own production.

As a result, the fall in turnover was only Rs 200m to Rs 1.05bn. Profits rose to Rs 128.35m in 1980-81 from Rs 94.48m. The company has raised the dividend by two percentage points to 20 per cent and has proposed a one-for-two scrip issue.

Siemens India is investing Rs 140m to modernise its Kalwa plant near Bombay. The company manufactures switchgear, electric motors, X-ray and electro medical equipment, measuring and control railway signalling equipment, and variable speed ac/dc driver systems.

It has orders on hand worth Rs 1.08bn—17 per cent ahead of the previous year's level. It expects to increase sales by 25.30 per cent in 1981-82 but industrial relations throughout the country are a matter of concern, says Dr H. Langer, managing director.

The company exported Rs 120m worth of products in 1980-81 and has achieved a breakthrough in winning turnkey contracts overseas. It is establishing a substation in Indonesia, a container terminal in Oman and a power distribution project in Bangladesh.

Further growth for Albaab

By Mary Frings in Bahrain

NET PROFITS of Al Bahrain Arab African Bank (Albaab) which is 60 per cent owned by Arab African Bank of Cairo, rose by 62 per cent in 1981 to U.S.$11.36m. The bank was particularly active in short-term international corporate finance and syndications, with two-thirds of all lending activities directed to Gulf and other Middle East countries.

The loan portfolio increased by 90 per cent in the year to $668m with Albaab participating in 46 syndications totalling more than $4bn including 21 as lead or co-lead manager. Credit facilities arranged privately for major corporate borrowers amounted to another $350m.

The balance sheet total stood at $1.24bn (including $1.08m in contingent liabilities) which amounted to just over one-third of the consolidated balance sheet of the Arab African Bank.

Goodwood Park Hotel lifts earnings and payout

BY GEORGIE LEE IN SINGAPORE

GOODWOOD PARK HOTEL, Singapore's major hotel group, has reported a 37.7 per cent improvement in group pre-tax profits to S$31.7m for the year to September 1981. Profits after tax were 46 per cent higher at S$19.46m.

After minority interests of S$3.6m and an extraordinary gain of S$2.5m attributable profits amounted to S$18.35m, up by 53 per cent.

The parent company, which owns and operates the group's flagship hotels of the same name, reported a 34.6 per cent rise in pre-tax profits to S$17.4m and post-tax profits up by 36 per cent to S$10.38m.

The group has proposed a final gross dividend of 15 per cent, making a total of 25 per cent for the year, against 15 per cent previously.

The group's subsidiary, Hotel Malaysia however, did not match the performance of the parent. Pre-tax profits were little changed at $4.66m and post-tax profits were marginally lower at $2.67m. None the less the dividend total is being held at 25 per cent with a proposed final dividend of 10 per cent.

● MING COURT HOTEL, which late last year became a subsidiary of the Malayan United Industries (MUI) group, has also reported a sharp improvement in earnings. Pre-tax profits for the year to September 1981 rose by 37 per cent to S$8.8m and post-tax profits were 51.6 per cent higher at S$5.74m.

Ming Court has proposed a final gross dividend of 10 per cent, making an unchanged total of 25 per cent for the year.

MUI's stake in Ming Court Hotel, amounting to 52 per cent of its issued capital, was acquired largely from the Goodwood Group.

Acrow to top forecast

By Jim Jones in Johannesburg

ACROW ENGINEERS, the South African manfacturer of steel storage equipment, cranes and construction equipment, which first gained a Johannesburg stock exchange listing last September, expects to beat its forecast of earnings of R2.2m for the year to June 30, 1982. For the six months to December profits were R1.99m before tax.

The interim dividend is 8 cents from first-half earnings of 38.1 cents a share. Last year's prospectus estimated a total dividend for the year of 30 cents from earnings of 68 cents a share. The company is some 24 per cent owned by Acrow of the UK.

WORLD STOCK MARKETS

Opening Wall St rally eroded

A GOOD deal of a strong opening rally on Wall Street yesterday was lost by mid-session, as initial euphoria over an interest rate cut gave way to continuing concern about the outlook for the U.S. recession.

The Dow Jones Industrial Average, which showed a recovery of 9.52 at the 10.30 am calculation, was up only a net 2.67 at 810.03 by 1 pm. The NYSE All Common Index was a mere 8 cents firmer at $63.22 on balance, after touching $63.58, while gains outscored declines by eight-to-five at mid-session after an initial three-to-one lead. There was a large turnover of 43.30m shares but fell short of Friday's 1 pm figure of 47.82m.

Analysts attributed the initial rise in the market to a cut in the Prime Rate to 16 per cent from 16½ by several major banks.

However, analysts said investors are still pessimistic about the outlook for the economy and the longer-term prospects for interest rates.

Analysts noted that the large Federal deficit projected for next year continues to worry investors, as it will require increased Federal borrowing, which could place renewed upward pressure on interest rates.

The sharp drop in gold and silver prices was reflected in Precious Metal stocks. ASA was off 1⅛ to $28½, Homestake 1⅛ to $19, Newmont ⅞ to $31 and Hecla ⅜ to $7½.

THE AMERICAN SE Market Value Index was a net 0.35 down at 250.34 at 1 pm, after rising to 253.23 at 11.00 am. Volume 3.71m shares.

Canada

Markets were easier inclined at mid-day after a fair trade, with Golds leading the weakening trend. The Toronto Composite Index was off 2.6 at 1,597.9 at noon, while Golds lost 47.2 to 2,036.6 and Metals and Minerals 4.0 to 1,528.0. Oil and Gas, however, edged up 0.7 to 2,500.9.

Delhi Pacific said it has ended talks to acquire an exploration concession in the United Arab Emirates. The stock was halted at the opening at 63 cents and resumed at 60 cents. By mid-session, it was off 13 cents at 50 cents.

Tokyo

The market yesterday saw some relief from the recent depression, with many Blue Chips staging a rally on bargain hunting. However, speculative issues came under selling pressure towards the end of the day and closed mostly weaker, while Construction companies and other low-priced domestic issues tended to decline.

The Nikkei-Dow Jones Average, which lost 37.69 more in the Saturday half-day session, was only 0.62 harder at 7,248.47, although the Tokyo SE index, 2.67 lower on Saturday, regained 1.02 at 541.S. Volume was a modest 210m shares.

Toyota Motor gained Y30 to Y942 on reports that the company and General Motors, of the U.S., are negotiating for a possible joint production of small cars in the U.S. The reports encouraged other Motor issues, with Nissan rising Y11 to Y751 and Honda Y13 to Y668.

Precision Instruments, Light Electrical, Communications, Heavy Electrical Machines and other Blue Chips were higher on limited buying. Matsushita Electrical put on Y40 to Y1,070, Nippon Electric Y28 to Y755, Fuji Photo Y60 to Y1,290, Hitachi Y12 to Y625, Canon Y12 to Y810, Sony Y40 to Y3,230 and TDK Electronic Y130 to Y3,350. rytaletaoi shrdlu cmfwyp vbgk

Germany

Bourse prices were mixed to firmer in quiet trading. Again lacking much foreign buying interest, the market made little response to a strongly rallying Domestic Bond market. Also failing to make little positive impact on share prices was the relatively low 4.2 per cent wage increase accepted by some metalworkers, and expected to form the patern for settlements this year. The Commerzbank index edged up 2.3 to 710.5.

What active buying interest there was mainly centred on Siemens, which reached a peak of DM 225.50, before closing up DM 3.30 at DM 224.50. Elsewhere in Electricals, Brown Boveri rose DM 5 to DM 226 and SEL advanced DM 7.50, both in thin markets.

Domestic Bond prices scored gains ranging to DM 1. The Bundesbank sold on balance a heavy DM 106.5m of public sector Bonds.

Australia

A rallying tendency developed in the Sydney stock market yesterday as initial overseas buying prompted local bargain hunters to pick up discounted leading stocks. However, the Melbourne SE was closed for a local holiday.

The buying push began in London late last Friday as dealers there learned of the favourable U.S. money supply figures and decided the time was ripe to buy.

The All Ordinaries index, which retreated 28 points last week, recovered 4.6 to 469.5. The Metals and Minerals index regained 8.2 to 334.6 and Oil and Gas 10.6 to 397.5.

Overall market leader BHP, last week the target of intensive selling which cut 86 cents off its price, recouped 18 cents at A$7.62, while CSR retrieved 8 cents at A$3.06.

Golds were mixed after a firmer performance by Gold Bullion in Hong Kong. Central Norseman was up 5 cents at A$3.00, GMK eased 15 cents to A$2.80 and Peko-Wallsend put on 5 cents to A$4.90.

On announcement that Opec nations may seek to lower production levels to bolster falling crude oil prices led to an upturn for most Oil issues. Claremont picked up 8 cents to 75 cents, Santos 12 cents to A$4.20 and Woodside 6 cents to 76 cents.

Hong Kong

After recovering some ground last Friday, the market started on a steady note yesterday, helped by results from Hang Seng Bank, which were generally considered satisfactory. However, stocks subsequently reverted to their recent weakening trend to leave the market substantially lower on the day after further light trading.

A few gloomy rumours circulated yesterday concerning the hard-pressed property market but analysts said that the general lack of confidence in equities and a lack of buyers, even at these share price levels, were a large part responsible for the resumed fall.

The Hang Seng index, which recouped 18 points on Friday, receded 33.56 to 1,125.36. Turnover on the four exchanges totalled HK$193.13m, against Friday's HK$196.36m.

Hang Seng Bank ended HK$1 off at HK$109, while Hong Kong and Shanghai Banking, ahead of today's annual results, held up fairly well, losing only 10 cents at HK$14.00. However, Cheung Kong fell 80 cents to HK$14.40, Hong Kong Land 35 cents to 35 cents to HK$6.50, Jardine Matheson HK$1.00 to HK$14.40 and China Light 40 cents to HK$11.80.

Outside the leaders, Carrian Investment fell 32.5 cents to HK$3.475. Brokers said that the property company was the subject of a few rumours that it had trouble with a development.

Johannesburg

The fresh fall in the Bullion price took Gold shares lower in thin dealings. President Steyn shed R2.25 to R28.00, Driefontein R1.70 to R20.80 and Kloof R1.50 to R26.50.

Closing Prices for North America were not available for this edition.

Bonn in doubt on cocoa levy

BONN—West Germany has not finally decided on its attitude to a possible increase in the International Cocoa Organisation (ICCO) buffer stock contribution levy to 3 cents from the present 2c, government officials said here yesterday.

The decision, to be made this week, before the ICCO council meeting begins on March 15, will largely depend on the outcome of a meeting of the EEC's raw materials committee in Brussels on Thursday.

The committee meeting will show whether West Germany's EEC partners are still fully behind a further levy increase or whether they will concur with the German view that there is no urgent need to increase the levy.

The officials said Denmark also appeared to oppose a levy increase but its decision would probably follow West Germany's. The attitude of other EEC countries would probably weaken if, as seems likely, the buffer stock manager achieves more favourable conditions for a $75m loan, they added.

Brazilian banks originally offered loans of $75m or $120m on the basis of a 2c or 3c levy respectively. The ICCO council decided in January to raise the levy to 3c from 1c.

If better conditions are achieved, West Germany thinks a decision on a possible increase in the levy can wait until funds from the $75m loan are exhausted.

The officials were unsure whether the Brazilian banks had offered better terms but said other banks including German and Arab interests had shown interest in providing finance. Reuter

Report on Florida citrus damage

NEW YORK — Orange trees in the south west portion of the Florida citrus belt were hit hardest by a damaging freeze there in January, according to a survey by Florida Citrus Mutual, the growers' group.

In those areas and other isolated groves where the coldest temperatures were recorded, some trees have already died and others will require extensive pruning. But mild weather since the January 12 freeze has promoted "excellent recovery" in most areas the group said.

Decline in gold hits base metal prices

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL prices came under renewed pressure yesterday following the further decline in gold, platinum and silver. Copper higher-grade cash dropped by £18.25 to £821.5 a tonne; cash lead also fell heavily losing £20 to £329.5 a tonne wiping out much of last week's gains.

Tin prices continued to be sustained by support buying, believed to be on behalf of the International Tin Council buffer stock.

At the first day of the special emergency meeting of the International Tin Council in London yesterday it was reported that consumers had opposed a producer proposal to introduce export controls.

Reuter reported that consumer delegates claimed even drawing up preliminary arrangements for export controls would be premature. However there seems little doubt that the meeting, which is due to end today, will agree to call up further contributions to the buffer stock, due both from producing countries and voluntarily from consumers.

It is thought the Council may also authorise the buffer stock to seek bridging loans from banks to cover any delays in contributions being received. Another meeting may also be held to review the market situation prior to the scheduled routine meeting already fixed for April 20-23.

The enormity of the buffer stock's task in keeping prices up was highlighted yesterday when it was revealed that tin stocks held in the London Metal Exchange last week jumped by 9,135 tonnes to a massive total of 37,175 tonnes. This follows the big rise of 7,745 tonnes the previous week.

In the circumstances, the London Metal Exchange have decided not to go ahead with asking ring-dealing members for details of their tin positions and are expected this week formally to lift the £120 a tonne limit on cash tin for delivery the following day, imposed last month.

There was also another substantial rise for the second week running in copper stocks, which last week increased by 3,200 to a total of 128,025 tonnes.

The stocks rise added to the selling pressure in the copper market, already depressed by the fall in gold, cuts in U.S. producer prices and general gloom about the American economy, in spite of yesterday's cut in some prime interest rates and hopes of a reduction in UK base rates.

Reuter reported from Lima that miners at the Southern Peru Cuajone mine had postponed for a week the "indefinite strike" that was due to start yesterday. Cuajone is Peru's biggest copper mine, but has been plagued by a series of disputes.

Lead values were hit by both the decline in copper and a rise in warehouse stocks of 2,550 to 58,675 tonnes. Aluminium stocks rose again as well, by 2,200 to 183,575 tonnes.

A fall in nickel stocks of 420 to 1,302 tonnes, kept prices up on fears of a supply squeeze. Zinc held steady, too, helped by a stocks fall of 325 to 63,250 tonnes.

LME silver holdings fell by 520,000 to 31,020,000 ounces. But the cash price dipped below 400p for the first time since mid-1979 closing at 385.5p a troy ounce. The bullion fixing in the morning was 8.40p lower at 401.30p.

Free market platinum followed the downward trend in gold and silver, losing £6.10 to £178.50 a troy ounce. The dollar quotation was $13.25 down at $315.5 an ounce, its lowest level for nearly four years and well below the South African producer price of $475.

More funds for rubber stock

BY WONG SULONG IN KUALA LUMPUR

THE International Natural Rubber Organisation (INRO) is to call up a third round of financial contributions from member countries to buy up surplus rubber.

Inro chairman, Mr Jack Sumner, indicated at the end of a special council session over the weekend that the call-up would be over $M200m (U.S.$124m) and bring total contributions since last October to $M500m.

Mr Sumner admitted that contrary to earlier forecasts, the price of rubber had continued to remain depressed in spite of purchases by Inro's buffer stock amounting to over 100,000 tonnes.

"It is the considered view of the council that an additional purchase of a substantial quantity will be required to meet effectively the objectives of the international natural rubber agreement," he said.

Unconfirmed market reports said that the council had apparently approved a proposal by Malaysia that the buffer stock manager be allowed to buy futures.

He has so far been authorised to buy only physical rubber but producers felt the Inro's support operation could be more effective if the manager has the discretion to buy futures as well.

Mr Sumner said the council unanimously agreed the buffer stock manager "must employ all methods available in established rubber markets to impart real strength and confidence in the markets."

The meeting also agreed to the EEC's request for its ratification of the INRO agreement to be extended from February 28 to April 15.

A vote of 80 per cent from both the producers and consumers is needed for the agreement to come into full force. Mr Sumner said Thailand has notified that it would ratify by April 15, and similar pledges had been received from some consuming members.

The producers, led by Malaysia, who want an increase in the buffer stock price range, acceded to built-in clauses in the agreement precluding any upward revision at this time.

Tan Sri B. C. Sekhar, head of the Malaysian delegation, said that Malaysia had not changed its position on the desirability of changing the price levels, but there was a question of priority.

James Todd, head of the U.S. delegation, stressing the American commitment to the agreement, said the U.S. is ready to meet the contribution for the third call-up. "I think there is a great deal of confidence in the agreement," he said.

Speculators boost coffee market

By Our Commodities Staff

A NEW wave of speculative buying boosted London coffee futures prices to the highest levels for 21 months yesterday. The May quotation reached £1,365 a tonne at one stage before ending the day £30 up at £1,353.5 a tonne.

Dealers said there were no new fundamental developments to explain the rise, which they attributed to a continuing shortage of supplies available for nearby delivery coupled with widespread switching of speculative activity from other markets. In spite of the strength of the market, trading was fairly light, they noted.

Late last month rising prices triggered the release of an extra 672,000 bags (60 kilos each) of coffee export quotas for the 1981/82 season under the International Coffee Agreement. But this seems to have had little effect on market sentiment.

If the market continues to rise further, quota releases will follow. But there is some way to go before the next trigger level of 140 cents a lb is reached and this will have to be maintained for 15 days before the next tranche of 1m bags is released. If that level is held for a further 15 days another 1m bags will be made available to the market.

Higher Cuban sugar output forecast

By Our Commodities Staff

A FORECAST of higher Cuban output encouraged another sharp decline in world sugar values on the London futures market yesterday. The August position ended the day £4.75 down at £159.45 a tonne after the London daily raw sugar price was fixed £3 lower at £152 a tonne in the morning.

In his latest International Sugar report, published yesterday, F. O. Licht, the West German sugar analyst, said Havana officials had predicted this year's Cuban output at 7.6m to 7.8m tonnes, up from 7.4m last season. They added, however, that much would depend on the efficiency with which the closing stages of the harvest were conducted.

SOUTH AFRICAN MAIZE

Farmers get tough on export policy

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH African government has been drawn into a bitter dispute over efforts by the country's maize farmers to make sweeping changes in maize export policies.

The Department of Agriculture says it is looking at the application of the whole system of selling maize. This follows persistent rumours of a clash between the authorities and the farmers who control the Maize Board (the parastatal body which has day-to-day responsibility for the maize industry).

South Africa is the world's third largest maize exporter. Shipments totalled 5.3m tonnes last year and are expected to come close to that level in 1982, in spite of an anticipated fall in the crop from 14.2m tonnes to less than 10m tonnes. The maize industry is also the country's most important farming sector.

The present dispute has its origins in the election last year of a new Maize Board dominated by members of the National Maize Producers Organisation (Nampo), a group of hard-driving farmers who believe that previous boards have sold maize farmers short.

The new board is turning the industry upside down, doing its best to sweep aside many traditional rules not only of maize marketing but also broader government policies such as official encouragement of import substitution.

Hedging

Boasting that "we're wheeling and dealing on a scale that is unknown in South Africa," one Nampo official concedes that "the government is not happy."

One of the board's first steps was to start hedging part of the maize crop on futures markets. It unexpectedly closed a forward contract before maturity, realising a windfall profit of R1.3m.

More recently, the board has made revolutionary changes in the twice-weekly tender system used to sell maize for export. In terms of this system, a predetermined number of cargoes is sold to the highest bidder at a secret tender.

Last November, the board began refusing tender offers. The board's chairman, Mr Crawford van Abo, telephoned officials from Chicago instructing them to withdraw cargoes from the tender, after prices offered by the international trading houses were considered too low.

Since then, bids for a total of 32 cargoes, some 450,000 tonnes, have been turned down.

Instead, the board has begun negotiating a maize-for-fertiliser barter deal with Romania, and has indicated that it will deal directly with any buyer who approaches it.

"Nampo deals with anybody. We want to see the money go into the farmers' pockets," says one of Mr van Abo's colleagues. He claims that the organisation, based in the tiny Orange Free State hamlet of Bothaville, has already had discussions with traders in Switzerland, Japan and the U.S., as well as with Iron Curtain and black African governments. "People are coming from all over the world to this one-horse town," he says.

The international trading houses with offices in South Africa are not amused. They are convinced that the board's tactics are harming South Africa's reputation as a regular and dependable supplier, and have asked to meet the Minister of Agriculture to discuss their grievances.

The chairman of the grain and produce shippers association, Mr Tony Ferreira who also represents the French-owned trading company Dreyfus in Johannesburg, says that "we can no longer service markets efficiently, because we don't know whether the board will sell the maize or not."

According to other traders, Japanese manufacturers of animal feed—among the largest buyers of South African maize—are particularly worried.

Taiwan recently signed a contract with the Maize Board for the supply of 1.5m tonnes of maize over the next three years, but the Taiwanese are understood to have refused a board request to increase the contractual quantities.

One result of the disruption in supplies, the traders say, may be to narrow the premium which foreign customers are willing to pay for high-quality South African maize. Prices are currently around $12 to $15 a tonne above those for U.S. maize.

According to Mr Ferreira, "Some shippers have turned away business for South African maize."

The Nampo men, who have eight of the 13 seats on the Maize Board, are undeterred by the criticism. They are increasingly by-passing other board members and have pushed through a resolution giving the board authority to use methods other than the tender system to sell maize. The resolution still requires approval by the Minister of Agriculture.

New facilities

As part of its efforts to increase exports, Nampo is pressing the government to expand the harbour at Richards Bay, north of Durban: at present almost all South Africa's maize is shipped through East London, which is farther than Richards Bay from the main maize growing areas. Nampo argues that facilities at Richards Bay would have allowed a virtual doubling of exports last year.

Nampo is also toying with the idea of importing tractors from Italy and Romania at a lower cost than locally assembled items. It concedes, however, that the authorities may not be keen to approve import permits.

The government is watching the developments anxiously. "If there should be a change, the Minister must approve." The Department of Agriculture official says. "The Maize board cannot go it alone."

BRITISH COMMODITY MARKETS

BASE METALS

Base-Metal prices came under heavy selling pressure on the London Metal Exchange, reflecting the slide in prices of precious metals. Copper closed at the day's low of £845. Lead dropped to £343 after a low of £340, and Aluminium was finally £584.5. Zinc was sustained by good demand for cash metal. Nickel was boosted by the stocks decline and speculative buying interest which left three months at £3115. Tin closed at £7265 with selling following the stocks increase — one of the biggest ever — offset by rumoured buying by the Buffer Stock Manager.

COPPER	a.m. Official	+ or	p.m. Unofficial	+ or
HighGrde	£	£	£	£
Cash	827-8	-18	821-2	-18.5
3 months	856-.5	-18	849.5-.5	-18
Settlem't	828	-18		
Cathodes				
Cash	823.5-4	-17.5	819.5-20.5	-17
3 months	851-2	-16	847.5-8.5	-16
Settlem't	824	-18		
U.S. Prod.			*75.5-82	

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £859.00, 58.50, 58.00, 57.50, 57.00, 56.50, 56.00. Cathodes, cash £823.00, 24.00, three months £852.00. Kerbs: Higher Grade, three months £855.00, 54.00, 53.00, 52.00, 51.00, 52.00, 53.00, 54.00, 54.50, 54.00, 53.50. Afternoon: Higher Grade, three months £850.00, 50.50, 51.00, 50.50, 52.00, 51.50, 51.00, 50.50, 50.00, 49.50. Cathodes, three months £847.00, 48.00. Kerbs: Higher Grade, three months £849.00, 48.00, 47.00, 46.00, 45.00, 46.00. Turnover: 27,776 tonnes.

Aluminium	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Spot	572-.5	-5	572.5	-4.25
3 months	595-.5	-5	594-.5	-4.25

ALUMINIUM—Morning: Three months £595.00, 95.50, 96.00, 95.50, 95.00, 96.00, 95.50. Kerbs: Three months £595.00, 94.00, 94.50, 94.00, 93.50. Afternoon: Cash £572.50, three months £593.50, 94.00, 95.00, 94.50. Kerbs: Three months £594.00, 93.50, 94.00, 95.00, 94.00, 94.50, 94.00, 93.50, 94.00. Turnover: 11,575 tonnes.

TIN	a.m. Official	+ or	p.m. Unofficial	+ or
High Grade	£	£	£	£
Cash	7015-20	-15	7030-40	+35
3 months	7225-30	-45	7260-70	+32.5
Settlem't	7020	-15		
Standard				
Cash	7015-20	-15	7030-40	+35
3 months	7225-30	-45	7260-70	+32.5
Settlem't	7020	-15		
Straits E.	$30.53	-0.04		
NewYork				

TIN—Morning: Standard, cash £7010, three months £7232, 20, 15, 20, 25, 30. Kerbs: standard, three months £7240, 50, 60. Afternoon: Standard, cash £7010, 20, 30, three months £7260, 7230, 40, 50, 60. Turnover: 1,295 tonnes.

LEAD	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Cash	345-.5	-23	329-30	-20
3 months	355-.5	-6	339-40	-17.5
Settlem't	346	-22		
U.S. Spot			*34-36	

LEAD—Morning: Cash £347.00, 46.00, three months £358.00, 57.50, 56.00, 55.00. Kerb: Three months £355.00, 54.00, 53.50, 54.00, 53.00. Afternoon: three months £349.00, 48.00, 48.50, 48.00, 46.00, 45.00, 43.00, 44.00, 43.00, 42.00, 41.00, 39.00, 40.00, 41.00, 42.00. Kerb: Three months £340.00, 42.00, 43.00, 42.00, 43.00. Turnover: 22,600 tonnes.

ZINC	a.m. Official	+ or	p.m. Unofficial	+ or
	£	£	£	£
Cash	448-.5	+5.75	446-.5	+1.5
3 months	462-.5	+2	461-.5	[illegible]
S'ment	449.5	+5.5		
Primw'ts			*42.75-5.75	

ZINC—Morning: Cash £451.00, 49.00, three months £463.00, 64.00, 64.50, 63.00, 62.50, 62.00. Kerbs: Three months £461.00, 61.50, 61.00. Afternoon: Three months £461.00, 60.50, 48.00, 49.50, 50.00, 49.50, 48.50. Kerbs: Three months £449.00, 48.00, 47.50, 47.00. Turnover: 18,275 tonnes.

NICKEL	a.m. Official	+ or	p.m. Unofficial	+ or
Spot	3125-30	+55	3100-5	+45
3 months	3135-40	+55	3110-20	+32.5

NICKEL—Morning: Cash £3140, 25, three months £3150, 40, 50, 45, 40, 35, 40. Kerbs: Three months £3140. Afternoon: Three months £3110, 20. Turnover: 1,314 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 8.4p an ounce lower for spot delivery in the London bullion market yesterday at 401.3p. U.S. cent equivalents of the fixing levels were: spot 734c, down 20c; three-month 759.4c, down 19.8c; six-month 784.8c, down 20.1c; and 12-month 837.7c, down 17.8c. The metal opened at 389-402p (732-737c) and closed at 387-391p (708-713c).

SILVER per troy oz.	Bullion fixing price	+ or	L.M.E. p.m. Unoffic'l	+ or
Spot	401.30p	-8.40	385.5p	-23.5
3 months	414.25p	-8.25	398.25p	-23.8
6 months	426.60p	-8.40	—	
12months	453.20p	-8.85	—	

LME—Turnover 201 (122) lots of 10,000 oz. Morning: cash 339.5; three months 415.0, 14.5, 14.2, 13.0, 12.5, 12.2, 12.0. Kerb: three months 411.0, 11.5, 11.0, 10.0. Afternoon: three months 403.5, 03.0, 03.2, 03.0, 398.0, 98.5, 99.0, 98.0, 98.5. Kerb: three months 399.0, 98.0, 97.0, 96.0, 94.0, 95.0, 94.0, 920.

COCOA

The market traded £8 lower in a thin nervous opening call before dealer buying and commission house short-covering pushed prices higher. *Consumers proved to be more willing buyers of physical cocoa.* Jobber profit-taking pared the gains towards the close, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1193-96	+8.0	1197-87
May	1160-61	+5.0	1164-47
July	1178-80	+4.5	1180-65
Sept	1190-91	+1.0	1195-86
Dec	1208-09	+2.0	1212-00
March	1229-30	+4.0	1230-29
May	1238-42	+1.5	—

Sales: 1,636 (2,500) lots of 10 tonnes.

ICCO—Daily price fob March 8: 84.09 (84.22). Indicator price for March 9: *83.30 (83.00)*.

COFFEE

Short-covering saw spot March widening its premium against other positions reflecting continued tightness *of nearbys, reports* Drexel Burnham Lambert. Fresh contract highs were established as the afternoon rally attracted good buying interest.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1502-05	+48.0	1518-70
May	1353-54	+30.0	1365-31
July	1280-81	+21.5	1295-60
Sept	1240-42	+21.0	1256-34
Nov	1227-35	+26.5	1222
January	1210-30	+25.5	—
March	1195-25	+22.5	—

Sales: 3,958 (4,463) lots of 5 tonnes.

ICO Indicator prices for March 5: (U.S. cents per pound): Comp. daily 1979 135.12 (134.91): 15-day average 135.35 (135.50).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 77 tonnes. *Dealings did not develop with any frequency*, but a few transactions were arranged in specialist growths. Certain Middle Eastern qualities were in request, but the call for South American styles was not as persistent as recently.

GAS OIL FUTURES

The market opened around $2.0 lower before steadying on short-lived nervousness. A weaker New York opening fuelled a further fall before short-covering lifted prices off the lows on the close, reports Premier Man.

Month	Yest'day's close	+ or	Business Done
	$ U.S. per tonne		
March	247.00	[illegible]	[illegible]
April	243.00	[illegible]	[illegible]
May	233.00	[illegible]	[illegible]
June	239.50	[illegible]	[illegible]
July	240.00	[illegible]	[illegible]
August	251.00	[illegible]	[illegible]
Sept	253.00	[illegible]	[illegible]
Oct	256.50	[illegible]	[illegible]
Nov	240.00	[illegible]	[illegible]

Sales: 3,727 (3,441) lots of 100 tonnes.

GRAINS

The market opened unchanged and remained quietly steady. Shipper buying pushed old crops higher. New crops were more active than recently as buyers returned, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or	BARLEY Yest'rd'ys close	+ or
Mar	112.15	+0.15	107.05	+0.25
May	115.85	+0.25	110.75	+0.10
July	119.60	+0.20	—	
Sept	106.75	-0.05	102.45	+0.15
Nov	110.45	+0.05	106.30	+0.15
Jan	114.35	+0.10	110.20	+0.20

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 112.50. Feed barley: Eastern 106.70, E. Mids. *107.10, N. East 107.90. The UK Monetary Coefficient for the week beginning* Monday March 15 1982 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

Business done—Wheat: March 112.10-112.05, May 115.90-115.60, July 119.55-119.40, Sept 106.75 only, Nov 110.35 only, Jan 114.25 only. Sales: 152 lots of 100 tonnes. Barley: March 107.05-107.00, May 110.75-110.60, Sept 102.45-102.35, Nov 106.25-106.15, Jan 110.10 only. Sales: 76 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent April 109.75, May 109.25 trans shipment East Coast seller. U.S. Hard Winter 13½ per cent March 115.50 trans shipment *East Coast quoted. English Feed fob* 116.00 East Coast seller. Maize: French first half March 131.50 trans shipment East Coast seller. South Africa White option Yellow April/May 79.00 seller. Barley: English Feed fob March 112 East Coast seller. Rest unquoted.

RUBBER

The London physical market opened about unchanged, *attracted good* interest throughout the day and closed steadier. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 203.5 (200.0) cents a kg and SMR 20 182.0 (180.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	48.80-51.00	48.50-49.00	—
May	50.00-50.80	49.50-50.50	—
Apl-Jne	50.70-50.90	49.70-49.80	50.60-50.00
Jly-Sept	54.50-54.60	53.50-53.70	54.60-55.00
Oct-Dec	57.20-57.30	56.70-56.80	57.50-56.50
Jan-Mar	60.00-60.10	59.60-59.70	60.00-58.20
Apl-Jne	62.70-62.90	62.40-62.50	62.80-62.50
Jly-Sept	65.50-65.70	65.00-65.20	65.70-65.70
Oct-Dec	68.50-68.60	67.20-67.80	—

Sales: 676 (493) lots of 15 tonnes, *nil (9) lots of 5 tonnes.*

Physical closing prices (buyers) were: Spot 48.50p (48.00p); April 51.00p (50.25p); May 51.00p (50.25p).

JUTE

JUTE—C and F Dundee BWC £284, BWD £237, BTB £325, BTC £288, BTD £239: Antwerp C and F BWC £286, BWD £239, BTB £329, BTC £288, BTD £241: Dundee March 40 in. 10 oz. £10.17 40 in. 7½ oz. £8.09. B Twills £30.13.

SOYABEAN MEAL

The market opened slightly steadier on rather nervous trading in a narrow range throughout the day to close around opening levels, reports T. G. Roddick.

	Yesterdays Close	+ or	Business Done
	£ per tonne		
April	127.40-27.5	-0.35	127.50
June	126.00-27.0	-0.25	127.20-27.00
August	127.00-27.5	[illegible]	127.50-27.40
October	129.00-29.5	[illegible]	
Dec	130.00-31.5	[illegible]	
Feb	131.00-34.0	[illegible]	
April	135.00-36.5	[illegible]	

Sales: 38 (334) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £152.00 (£155.00) a tonne cif March-April shipment. White sugar daily price £164.00 (£167.50).

All positions touched new life-of-contract lows following reports from Cuba that the current campaign would reach 7.6-7.8m tons, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	[illegible]	[illegible]	[illegible]
Aug	158.40-58.50	164.15-64.25	165.80-58.25
Oct	165.00-66.10	167.80-67.75	167.50-62.50
Jan	165.00-66.00	168.00-66.25	165.50
March	169.90-69.50	175.05-75.25	172.50-68.00
May	171.50-72.50	175.80-78.00	175.50-72.00
Aug	175.00-76.50	178.50-79.00	178.25 —

Sales: 3,969 (3,148) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £261.00 (£264.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 5: Daily price 11.87 (11.82). 15-day *average 12.67 (12.75).*

WOOL FUTURES

BRADFORD—Deliveries are going out well but the flow of new business is not satisfactory. Traders said chances of passing on recent higher wool costs are remote and although combing machinery is busy some other sectors have shown no general improvement.

WOOL — —

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. March 519.0, 522.0, 522.0-518.5; *May* 525.0, 525.5, 526.0-524.5; July 530.5, 531.5, 532.0-531.0; Oct 524.0, 528.0, 525.0-523.5; Dec 528.0, 530.0, 529.0-528.0; March 535.0, 537.0, 535.0; May 539.0, 540.0, 539.0; July 545.0, 546.0, 546.0-545.0. Sales: 180.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 400, 411, nil; May 416, 422, nil; Aug 429, 434, 431-429; Oct 432, 438, 434-429; *Dec 432, 435, nil; Jan 433,* 438, 431-430; March 442, 448, 446-440; May 452, 455, 450-447; Aug 460, 464, 461-455. Sales: 83.

TEA AUCTION

TEA AUCTIONS— —

LONDON TEA AUCTIONS — 35,033 packages were offered in yesterday's auction. Assams tended lower except selected brokens and dusts. Africans shed 1-3p except dusts, which were often dearer. Ceylons showed little change but plainer BOP's were easier. Quotations: Quality 120p per kilo (124p), medium 111p per kilo (111p), plain no quotation (no quotation).

POTATOES

LONDON POTATO FUTURES — A stronger physical price, and higher Dutch futures, encouraged buyers back in the April position which rose to the high *in early trade, and closed* steady after a dip, reports Coley and Harper. Closing prices: April 148.40, +4.10, (high 148.50, low 146.50); Nov 67.10, +20.20, (high 67.20, low 67.10); Feb 77.50, unchanged, (untraded). Turnover: 659 (566) lots of 40 tonnes.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod *£4.40-£4.80, codlings £3.00-£4.30, large* haddock £4.20-£5.00, medium £3.80-£4.80, small £2.20-£3.30, large plaice £4.00, medium £3.50-£3.80, best small £3.60-£3.90, Skinned dogfish (medium) £3.00. Lemon soles (large) £15.00, (medium) £13.00. Saithe £1.90.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 8 1982	+ or	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt.	$1085/1095	-10	$1110/1140
Copper			
Cash h grade	£821.5	-18.25	£860.5
3 mths	£849.75	-18	£890.25
Cash Cathode	£820	-17	£855
3 mths	£848	-16	£882.5
Gold troy oz	$326.5	-15.75	$378.75
Lead Cash	£329.5	-20	£330.5
3 mths	£339.5	-17.75	£340.25
Nickel	£3824		£3771
Free mkt	260/280c		260/280c
Platin'm troy oz	£260		£260
Free mkt	£178.60	-6.1	£197.20
Quicksilver†	$390/400	+1	$370/380
Silver troy oz	401.30p	-8.40	458.60p
3 mths	414.25p	-8.25	471.50p
Tin Cash	£7030	+35	£8005
3 mths	£7265	+32.5	£7875
Tungsten	$130.00		[illegible]
Wolfrm 22.04lb	$117/122		$126/130
Zinc Cash	£446.5	+1.5	£446.5
3 mths	£461		£461.75
Producers	$900		[illegible]
Oils			
Coconut (Phil)	$452.5z	-2.5	$550
Groundnut	$650z		$715
Linseed Crude	[illegible]		[illegible]
Palm Malayan	$507.5		$530
Seeds			
Copra Ph lip	$330z		$350
Soyabean (U.S.)	$255		$262.75
Grains			
BarleyFut. May	£110.75	+0.10	£110.80
Maize	£131.50		£133.75
Wheat Fut.May	£115.85	+0.25	£115.15
No.2HardWint	£115.50	-1	£117.20
Other commodities			
Cocoa ship't*	£1186	+5	£1249
Future May	£1160.5	+5	£1169.5
Coffee Ft' May	£1353.5	+30	£1211.5
Cotton A.Index	70.05c	+0.1	70.45c
Gas Oil Apr.	$235.85	-2.5	$274.75
Rubber (kilo)	48.5p	+0.5	47.5p
Sugar (Raw)	£152z	-3	£170
Woolt'ps 64s kl.	390p kilo		382pkilo

‡ Unquoted. v April. z March-April. x May. y April-May. u May-June. † Per 76 lb flask. * Ghana cocoa. n Nominal. § Seller.

MEAT/VEGETABLES

MEAT COMMISSION—Average Fat-*stock prices at representative markets.* GB—Cattle 102.46p per kg lw (+0.02). UK—Sheep 206.73p per kg est dcw (+1.52). GB—Pigs 79.25p per kg lw (+0.78).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 85.5 to 88.5; Ulster *hindquarters 96.0 to 99.0, forequarters* 66.0 to 70.0. Veal: Dutch hinds and ends 120.0 to 127.5. Lamb: English small 84.0 to 91.5, medium 85.0 to 88.5, heavy 83.0 to 85.0; Scotch heavy 80.0 to 85.0: Imported—New Zealand PL 66.5 to 67.5, PM 66.5 to 67.5, YLs 65.0 to *66.0. Pork: English, under 100 lb* 45.5 to 56.0, 100-120 lb 43.0 to 56.0, 120-160 lb 41.0 to 52.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: *Navels* 42/130 4.60-5.50; Cyprus: Valencia Lates 3.50-4.00; Jaffa: Shamouti 60/168 4.70-5.60; Moroccan: Navels 48/113 3.60-4.50. Mandarins—Spania: 4.00-4.80. Karas 4.80-5.20. Wilkings—Spania: 4.60-5.50. Lemons—Cyprus: 2.50-3.00: Spania: 40/50 1.60-2.00; Italian: 80/120 4.00-5.00; Jaffa: 105 4.80: U.S. 6.00. Grapefruit—U.S.: Texas Ruby 6.50-7.00, Florida Ruby 8.00-8.50: Cyprus: Large cartons 3.00-4.00, *small cartons* 2.50-3.20; *Jaffa: 36/88* 3.50-4.80. Ortanique—Jamaican: 64/128 8.50-9.00. Apples—French: New crop, Golden Delicious 20-lb 3.00-3.60, 40-lb 6.00-8.00. Stark Crimson 40-lb 7.00-9.50, 20-lb 3.40-4.60, Granny Smith 9.00-10.60: Canadian: Red Delicious 9.50-12.00: U.S.: Red Delicious 10.00-14.00. Pears—Dutch: Comice *14-lb, per tray* 4.00-4.20: S. African: Williams' Bon Chretien 6.60-8.50; Italian: Per pound Passacrassane 0.14-0.17. Peaches—S. African: 2.50-3.00. Nectarines—Chilean: 8.50-9.00: S. African: 4.80-5.20. Plums—S. African: per pound Songold 0.30-*0.50, Wicksons 0.30-0.40, Harry Pick-*stone 0.35-0.55, Kelsey 0.30-0.45. Grapes—Chilean: Thompson 11-lb 8.50: S. African: Dan Ben Hannah 5.80, Alphonse 6.20, Waltham Cross 5.50: Brazilian: Italia 11-lb 8.50: U.S.: Red Emperor 0.45-0.50.

- *Strawberries—Israeli: 0.60; U.S.:* 1.00-1.10: Spanish: 0.45-0.50. Melons—Colombian: Yellow 9.00-11.00, Green 9.00-11.00; South African: White 9.00-10.00; Chilean: Green 12.00-14.00. Pineapples—Ivory Coast: Each 0.35-1.00. Bananas—Colombian: Per pound 0.20-0.22. Avocados—Israeli: 3.20-4.50; Canary: 4.00-4.50; U.S.: 4.60-4.80; South African: 5.50. Mangoes—Kenyan: 8/16 5.00-5.50; Peruvian: 9.00. Dates—Tunisian: 30's 0.45-0.50; U.S.: 0.43-0.45. Tomatoes—Canary: 3.50-4.60: Moroccan: 2.80-3.20.

English Produce: Potatoes—Per 55-lb, White 2.80-3.40, Red 3.00-3.60, King Edwards 3.40-4.20. Mushrooms—Per lb, open 0.30-0.40, closed 0.50-0.60. *Apples—Per lb, Bramley 0.18-0.25,* Cox's 0.25-0.36. Pears—Per lb, Conference 0.14-0.22. Comice 0.20-0.30. Cabbages: Per 30-lb bag. Celtic/Jan King 2.00-3.00. Lettuce—Per 12, round 1.50-2.00. Onions—Per 55-lb 40/80 mm, 2.00-2.60. Carrots—Per 26/28-lb 1.40-2.00. *Beetroots—Per 28-lb, round* 1.00-1.20, long 1.50-1.80. Swedes—Per net 0.80-1.00. Sprouts—Per 20-lb 2.00-3.00. Rhubarb—Per lb, 14-lb box 0.18-0.22. Leeks—Per 10-lb 1.20-1.40. Parsnips—Per 26/28-lb 1.00-1.40. Turnips—Per 28/28-lb 1.00-1.40. Tomatoes—Per lb D/E 0.40-0.50. Cucumbers—Per package 4.50-6.00. Calabrese—Per 9-lb 3.50-4.00.

AMERICAN MARKETS

NEW YORK, March 8.

Precious metals declined sharply on indications of continued long liquidation and poor technical action. Bearish psychology affected all grains and soyabeans which were oversold, taking the markets off their lows. Heating oil was under enormous pressure as rumoured cutbacks in oil output were not considered sufficient. Coffee remained strong as the trade was concerned about tight supplies. Cocoa traded lower on evidence of producer selling in the market, reported Heinold.

[illegible]

June 65.02-65.10 (65.70), Aug 62.00-62.10, Oct 59.75-59.80, Dec 60.30, Feb [illegible] 12,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, March 8

Wheat—(U.S.$ per tonne): U.S. No. 2 Dark Hard Winter 13.5 per cent March 1-25 192, March 20-April 15 197; U.S. No. 2 Red Winter March 166, April 169; U.S. No. 3 Amber Durum April-May 183, May 183, June 182, July 184, Aug 185, Sept 187, Oct 190, Nov 193; U.S. No. 2 Northern Spring 14 per cent April 183, May 181.50, June 181, July 181, Aug 182, Sept 182.50, Oct 186.50, Nov 187.50; Canadian Western Red Spring April-May 201.

Maize—(U.S.$ per tonne): US. No. 3 Corn Yellow afloat 129 traded, spot 132, afloat 129, March 129, April 127, *May 127, June 128, July-Sept 128.50,* Oct-Dec 130, Jan-March 138.50 sellers.

Soybeans—(U.S.$ per tonne): U.S. No. 2 Yellow Gulfports April 249.75, *May 251, June 252, July 253, Aug* 254.25, Sept 255, Oct 253, Nov 253, Dec 256.75, Jan 262.50, Feb 265.50, March 269.50 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent protein afloat 228 traded, afloat 227.50, March 226, April 225.50, May 225.50, April-Sept 226, Nov-March 238 sellers: Brazil Pellets afloat 233.25, March 233, April 232, May 231.50, April-Sept 233.50 sellers.

PARIS, March 8

Cocoa—(FFr per 100 kilos): March 1245-1260, May 1253-1259, July 1280-1295, Sept 1300-1320, Dec 1330-1343, March 1350-1360, May 1360-1370. Sales at call: nil.

Sugar—(FFr per tonne): May 1775-1777, July 1760-1795, Aug 1840-1845, Oct 1815-1825, Nov 1815-1825, Dec 1815-1835, March 1880-1895, May 1915-1930. *Sales at call: 7.*

INDICES

FINANCIAL TIMES

Mar. 8	Mar. 4	Month ago	Year ago
243.80	245.50	251.25	258.38

(Base: July 1, 1952=100).

MOODY'S

Mar. 5	Mar. 4	Month ago	Year ago
990.4	991.1	1011.5	1123.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 5	Mar. 4	Month ago	Year ago
Spot	124.71	128.35	128.73	—
Futr's	129.99	131.45	137.60	—

(Base: December 31 1974=100)

REUTERS

Mar. 8	Mar. 5	M'nth ago	Year ago
1583.7	1588.6	1624.6	1724.9

(Base: September 18, 1931=100)

Lower interest rates remain all-powerful influence and send Gilts up for the sixth consecutive session

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5
Mar 29	Apr 15	Apr 16	Apr 26

* "New time" dealings may take place from 9.30 am two business days earlier.

The all-powerful influence on London stock markets yesterday was again the current trend towards lower interest rates at home and abroad. Investment interest, which also benefited from hopes of favourable Budget proposals today, centred almost exclusively on Gilt-edged securities and the ensuing fresh upsurge in the sector encouraged a better tone in equities, recently susceptible to Wall Street uncertainty.

Widespread fresh demand for Gilts was triggered by high expectations of UK base lending rate cuts this week allied to predictions of U.S. Prime rate reductions, the latter being confirmed later in the day. A lower pound failed to douse enthusiasm and rises of a point were established before the Bank of England's holding operations in money markets yesterday prompted some profit-taking.

The rises were eventually pared to around ¾, the partly-paid Exchequer 13¾ per cent 1987 "A" closing that much higher at 58⅜, after 58 11/16, and the longer-dater Exchequer 15 per cent 1977 ending similarly dearer at 109¼. The FT Government Securities index continued its strong run since mid-January, when it stood at 61.92, to close 0.20 up on the day at 68.56.

Equities were overshadowed by the concentration of investment activity in Gilts, but small selective demand again enabled most leading shares to cast aside worries about recent disappointing U.S. equity market trends. Business was also inhibited by dealers' attempts to maintain level book positions ahead of today's Budget. Illustrating the market's lethargy, the FT Industrial Ordinary share index managed to increase by about another point an opening rise of 3 points before closing a net 3.4 up at 564.1.

Discount Houses up

Still drawing strength from a firm gilt-edged market and the prospect of lower interest rates, Discount Houses made a firm showing. **Clive** were notable for a rise of 3 at 29p, while **Union** gained 7 to 452p; the Kuwait Investment Office has increased its holding in the latter to 10.65 per cent. The major clearing banks also continued firmly with **Midland** closing 8 better at 350p. Up 15 last week in response to the good results, **Provident Financial** added 5 afresh to 130p. **First National Finance Corporation** reflected bid hopes with a further improvement of ¾ at 41¾p, after 42½p.

A rising sector of late on currency considerations and stock shortage, Lloyds brokers made renewed progress in places. Composites drifted lower on lack of support.

Awaiting today's Budget, leading Breweries attracted an evenly-balanced, if quiet, business. **Grand Metropolitan** added 4 to 203p, while similar gains were noted for **Boddingtons**, 151p, **Vaux**, 135p, and **Greenall Whitley**, 108p, the last-mentioned also aided by a Press mention. Wines and Spirits were generally subdued, although **Distillers** came in for useful support and rose 3 to 173p. Interest was also maintained in **H. P. Bulmer**, 10 up at 348p.

Building descriptions, particularly housebuilding issues, made a strong showing on interest rate optimism. Renewed demand lifted **Barratt Developments** 15 to a 1981-82 peak of 277p and **George Wimpey** 5 to 108p; the former's interim results are due on March 15. **Countryside Properties** put on 7 to a peak of 124p, **Wilson (Connolly)** 8 to 188p, and **Wiggins Group** 9 to 105p, the last-named additionally bouyed by favourable Press comment. *On the other hand*, **Galliford** shed 3 to 61p on disappointment with the interim results. Fresh demand in a market short of stock lifted **Tarmac** 8 more to 456p, while occasional interest imparted strength to **London Brick**, 5½ up at 84p.

Turnover in leading Chemicals was small, but the undertone remained firm and **ICI** gained 8 to 346p.

Gussies wanted

Leading Stores finished with a firmer bias. **Gussies "A"** were particularly good at 495p, up 10, while **F. W. Woolworth** added a penny more to 54½p; the latter's preliminary results are expected tomorrow. **Marks and Spencer**, 143p, and **Debenhams**, 82p, added 2 apiece, while, among newsagents, **W. H. Smith**, 171p, and **Martin**, 330p, rose 4 and 5 respectively. The full-year deficit announced by **Greenfields Leisure** was fully discounted and on the marked improvement in current trading, the close was 4 dearer at 23p. **Sonic Sound** were *briskly traded in response to* favourable Press comment and advanced 12 to 112p, after 116p. Among the more speculative counters, **Polly Peck** rose 8 to 345p, while **Austin Reed** improved 7 to 78p, with the "A" 3 up at 72p.

Shoe manufacturers **David Scott** jumped 4 to 21½p, a fraction below the price paid by an unnamed party which acquired a near-11 per cent stake in a dawn raid yesterday.

The Electrical majors contributed to the firm trend. Renewed investment support ahead of the preliminary results scheduled for March 24 helped **BICC** to advance 11 to 323p, while **GEC** gained 7 to 827p and **Racal** 6 to 363p. **Plessey** hardened a couple of pence to 370p. Adverse comment, however, further unsettled recently weak **Thorn EMI**, which touched 425p before closing unchanged on balance at 428p. **Philips Lamps'** lost 7 more to 490p awaiting today's qaurterly results. Elsewhere, **Standard Telephones and Cables**, with annual figures due on Friday, rose 15 to 470p and **Farnell** improved 20 to 610p on renewed speculative demand in a thin market. A good market last week on the company's $3m joint microchip venture with Ion Beam Technologies of the U.S., **Dubilier** jumped 7 afresh to 78p in response to Press comment.

Leading Engineers passed another quiet trading session. Among the occasional movements, **GKN** drifted off to close 4 cheaper at 158p and **Tubes** eased a couple of pence to 126p. Elsewhere, **Davies and Metcalfe "A"** featured with a jump of 10 to 60p in response to the preliminary results. **Ransomes Sims** remained a *firm market* at 190p, up 7, while sporadic support left **600 Group** 3 dearer at 71p. **Jeavons**, reflecting the annual results, closed 2 higher at 58p.

Quietly firm conditions prevailed in Foods. **Cadbury Schweppes** edged up ½ to 99½p and **United Biscuits** a penny to 130p; both companies have preliminary results scheduled for Thursday. **Albert Fisher**, a firm and active counter last week in the wake of Mr A. B. Millar and associates acquiring a 28.9 per *cent stake in the company*, touched 37p before drifting off to close 2 cheaper on balance at 34½p. Despite the workers' vote to continue industrial action at the company's processing plants, **Bernard Matthews** added 5 to 110p.

Pharmaceutical concerns **Glaxo** and **Beecham** were good again in the miscellaneous industrial leaders in fairly quiet pre-budget trading; the former closed 8 better at a new peak of 504p, while the latter finished 4 to the good at 242p. **BOC** also stood out with a rise of 4 to 168p. Elsewhere, *Channel Tunnel* picked up 10 at 225p on revived hopes that Government approval for the project will be given soon. Press comment prompted a rise of 4 to 56p in **Braby Leslie** and helped to push recent recent bid favourite **J. and J. Dyson A** up a similar amount to 95p. Investment buying lifted **BET** 13 to 163p, while **Nolton** added a couple of pence at 32p following the sale of a subsidiary. **Initial Services** put on 8 to 280p and **Extel** improved 5 to 280p.

Macarthys Pharmaceuticals, which is acquiring Sangers' distribution depots in Bristol, Plymouth and Truro, firmed 5 afresh to 150p, while **British Vita** edged forward 2 to 152p on the results. Mr Holmes à Court's increased offer of 95p per share, for **Associated Communications Corporation A** shares saw the latter touch a peak of 97p before closing a net 2 up on balance at 96p. **BTR** touched 364p on relief that a fund-raising call did not accompany the highly satisfactory preliminary results but retreated on profit-taking to finish 2 off on balance at 350p.

Already 5 up at the official close, **Pleasurama**, a thin market, attracted further support in after hours' dealings and closed 22 up at 412p.

Leading Properties made small progress underpinned by interest rate optimism and the strength of gilt-edged. **Land Securities** firmed 5 to 312p, while **MEPC** edged up a penny to 226p. Secondary issues displayed a late firm feature in **Estates and General Investments**, which jumped 16 to 74p on the agreed merger terms from **Federated Land**, 4 cheaper at 136p, after 130p. **M. P. Kent**, which acquired a 14.7 per cent stake in Federated Land in a dawn raid last October, improved 1½ to 71½p. Demand ahead of tomorrow's interim results left **R. Green Properties** 2 up at 81p, while **Mountview Estates**, still reflecting a recent *investment recommendation*, gained 6 more to 178p. **Westminster and Country** added 3 more to 78p in continued response to last Friday's good half-time, but **Whittington Estates**, up 5½ on Friday on the board changes and discussions which may lead to a property acquisition, relinquished a penny to 28p.

Oils down

The decision by leading OPEC members to reduce output failed to benefit the Oil sector and last Friday's rallying tendency soon gave way to further depression. Among the leaders, **British Petroleum** weakened 8 to 274p, but **Shell** finished a couple of pence higher at 344p, after 340p, the latter awaiting Thursday's preliminary figures. **Lasmo** reacted 10 to 290p and **Ultramar** closed similarly cheaper at 358p. Among the exploration issues, **Berkeley** encountered fresh offerings and gave up 10 to 250p along with **KCA International**, which ended 4 down at 85p.

Publication of Touche Remnant's reorganisation proposals prompted improvements in several of the Trusts involved. **Trust Union** gained 4 to 90p and **International Investment** 3 to 109p, while rises of a couple of pence were marked against **Cedar**, 103p, **Industrial and General**, 77½p, **Continental Union**, 170p, and **CLRP**, 108p. Among Financials, **RP Martin** gave up 12 to 393p following comment on the interim results.

Movements in Textiles usually favoured holders. **Nottingham Manufacturing** rose 3 to 171p, while **Tootal**, helped by call option activity, added a couple of pence to 8p. An exception to the trend was provided by **Shaw and Marvin** which eased 1½ to 18½p on Press suggestions of an imminent rights issues.

Golds depressed

Renewed pressure on the bullion price—finally a further $16.75 down at a 29 month low of $326.5 an ounce produced further heavy selling of South African Golds.

The Gold Mines index dropped 10.3 more to 216.0—a fall of 38.0 over the past four trading days and its lowest level since November 21 1979.

The sharemarket came under persistent pressure from the outset as sizeable offering followed American selling late on Friday.

Modest buying from Johannesburg and the Continent prompted a minor rally around mid-day, but this soon petered out in the face of renewed American and London selling in afternoon trading.

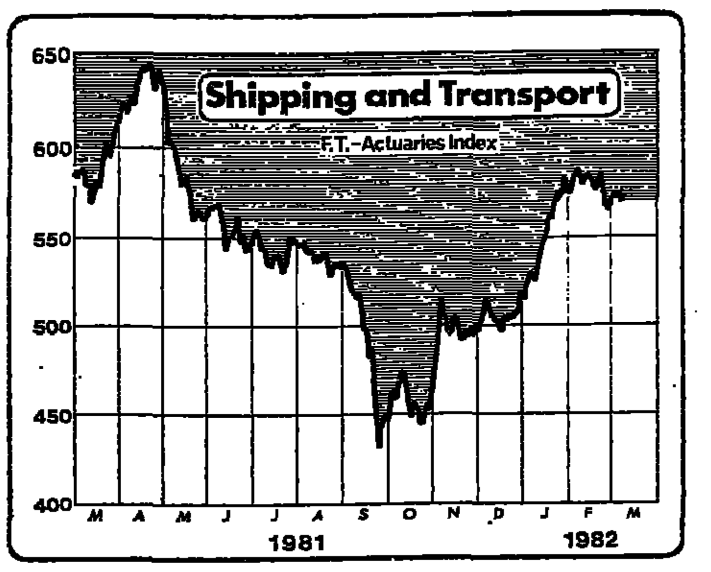
The reductions in U.S. prime rates had little or no effect on market sentiment which continued to be influenced by talk of further middle eastern and Soviet bullion sales.

In the heavyweights, losses of a point and more were common to Randfontein, finally £19¼, and President Steyn, £11, while falls in excess of ½ were common to Buffels, £13⅞, Hartebeest, £19½, Western Deep, £11, and Free State Geduld, £11.

South African Financial mirrored the trend in Golds. The falling bullion price and weakening Financial Rand rate depressed "Amgold" by £3 to £38½ while "Johnnies" fell £1½ to £29 and GFSA a point to £23½. Anglo American Corporation dropped 30 to a 1981/82 low of 495p and Gencor 38 to 712p.

De Beers gave up 11 to a 1981/82 low of 252p ahead of the interim figures, expected today.

Consistent and well-distributed support saw 2,105 deals completed in Traded Options yesterday. Calls amounted to 1,497, of which British Petroleum accounted for 315, and Courtaulds for 300. Puts attracted 608 trades, almost half of which were struck in BP.



FINANCIAL TIMES STOCK INDICES

	Mar. 8	Mar. 5	Mar. 4	Mar. 3	Mar. 2	Mar. 1	A year ago
Government Secs.	68.56	68.36	67.89	67.42	67.34	66.91	68.61
Fixed Interest	68.05	67.54	67.23	66.96	66.96	66.38	70.58
Industrial Ord.	564.1	560.7	556.7	555.3	557.6	550.8	483.5
Gold Mines	216.0	226.3	251.5	247.4	254.0	252.8	319.1
Ord. Div. Yield	5.57	5.61	5.65	5.66	5.63	5.70	7.29
Earnings, Yld.% (full)	10.27	10.34	10.41	10.43	10.38	10.51	15.68
P/E Ratio (net)(*)	12.54	12.46	12.37	12.35	12.41	12.25	7.86
Total bargains	27,069	24,604	25,830	23,018	25,604	23,518	24,095
Equity turnover £m	—	176.45	157.06	157.65	149.51	107.03	107.57
Equity bargains	—	20,302	21,026	20,293	21,687	18,515	19,592

10 am 563.7. 11 am 563.7. Noon 564.8. 1 pm 564.8. 2 pm 564.8. 3 pm 564.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=11.29.

HIGHS AND LOWS / S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low		Mar. 5	Mar. 4
Govt. Secs.	70.61 [illegible]	60.17 [illegible]	127.4 [illegible]	49.18 [illegible]	—Daily Gilt Edged Bargains	228.7	207.7
Fixed Int.	72.01 [illegible]	61.61 [illegible]	150.4 [illegible]	50.53 [illegible]	Bargains / Value	131.5 / 356.6	136.2 / 317.4
Ind. Ord.	597.3 [illegible]	446.0 [illegible]	597.3 [illegible]	49.4 [illegible]	5-day Average: Gilt Edged Bargains	216.5	203.9
Gold Mines	429.0 [illegible]	216.0 [illegible]	558.9 [illegible]	43.5 [illegible]	Equities Bargains / Value	152.2 / 302.2	136.2 / 302.4

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bat Inds	435	−2	Plessey	370	+2
BTR	350	−2	Pres Steyn	111	[illegible]
Barratt Devs	277	+15	Scholes (G. H.)	300	+35
Charter Cons	222	+7	Sonic Sound	112	+12
Dubilier	78	+7	Thorn EMI	428	—
GEC	827	+7	Wimpey (G.)	108	+5

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

[illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12
Apr 5	Apr 26	July 15	July 26

For rate indications see end of Share Information Service.

Calls were taken out in Tridant TV, ICL, First National Finance, Black and Edgington, Hawtin, Sears, Woodside, Gill and Duffus, Gulf Stream Resources, Town and City Properties, Clive Discount, Brook Street Bureau, Barker and Dobson, Cater Allen, NCC, United Guarantee, MFI, APV, Phicom, Tricentrol, Exco, Driefontein, Offshore Oil and Tootal. Puts were arranged in Unisel and Southvaal, while doubles were struck in First National Finance, Courtaulds, ICI and Tricentrol.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on March 8 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied. Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate (sg) selling rate.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING
[illegible]	[illegible]

[illegible]

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (100)

[illegible]

NEW LOWS (81)

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Mon March 8 1982	Fri March 5	Thur March 4	Wed March 3	Tues March 2	Year ago (approx.)
1 CAPITAL GOODS (210)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FIXED INTEREST

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCE BONDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	99⅛	Treas. Variable '82‡‡	99⅞	......	13.01	13.26
98⅞	93½	Treasury 8¼pc '82	98⅞	+⅛	8.34	11.80
98¼	93½	Exch. 9¼pc 1982	98¼xd	+⅛	9.41	12.69
97	92⅝	Exch. 6¾pc 1983	97	+¼	9.02	12.59
94	84⅞	Exch. 3pc 1983	93⅝	......	3.20	10.15
99⅝	95	Treasury 12pc 1983‡‡	99⅛xd	......	12.11	12.96
99⅝	96¼	Treas. Variable '83‡‡	99⅝	......	13.05	13.23
96⅞	90⅛	Treasury 9¼pc '83	96⅞	+⅛	9.55	11.76
101⅛	95¼	Exch. 13½pc '83	100½	+⅛	13.43	13.10
96	89¼	Exch. 10pc 1983	96	+⅛	10.42	12.55
90½	83½	Funding 5½pc '82-84‡‡	90	......	6.11	11.61
97	90	Exch. 11¼pc 1984	97	+¼	11.60	13.02
103⅞	95¼	Exchequer 14pc. 1984	101¼	+¼	13.83	13.30
84¾	77	Exch. 3pc 1984	84¾	+⅛	3.54	10.70
98⅝	90½	Treasury 12pc 1984	97¼xd	+⅜	12.34	13.31
107¼	95⅞	Treasury 15pc 1985	103¼	+½	14.53	13.62
98⅞	88¼	Exch. 12pc Cnv. '85	96¼xd	+½	12.47	13.56
78¾	71	Treasury 3pc 1985	78¾	+⅜	3.81	11.05
96⅞	85¼	Treasury 11½pc 1985	94⅛	+½	12.22	13.74
98⅝	87⅝	Exch. 12¼pc 1985	95¼	+½	12.86	13.90
97⅛	84¼	Exch. 11¾pc '86	93⅝	+⅝	12.55	13.89
74¼	65⅞	Treasury 3pc 1986	73½	+½	4.08	11.06
97⅞	84½	Treasury 12pc '86	93⅝	+⅝	12.82	14.02
88⅞	78½	Treasury 8½pc '84-86‡‡	86	+⅜	9.88	12.78
99¼	91⅞	Exch. 14pc 1986	99¼	+⅝	14.11	14.19
103⅞	90	Exch. 13¼pc 1987	96⅞	+⅝	13.68	14.14
58⅞	55	Do. A (50 pd.)	58⅜	+⅝	13.71	14.22
		Five to Fifteen Years				
81⅛	71⅛	Funding 6½pc '85-87‡‡	81	+¼	8.26	11.83
67	64½	Treasury 3pc 1987	67	+½	4.51	11.07
96	81½	Treas. 12pc 1987	96	+⅝	13.06	13.59
81⅛	72¼	Treasury 7¾pc '85-88‡‡	80	+⅜	9.80	12.70
65½	58⅝	Transport 3pc '78-88	63½	......	4.77	11.16
92¾	79	Treasury 11½pc 1989	89	+⅝	12.99	13.56
67¼	59¼	Treasury 5pc '86-89	66¾	+¼	7.72	11.94
101½	85¼	Treasury 13pc 1990‡‡	97	+⅝	13.67	13.61
95⅞	81⅝	Exch. 12½pc 1990	92xd	+⅝	13.52	13.60
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	78	+⅜	10.84	12.78
93⅛	77¼	Treasury 11¾pc 1991	89⅝	+⅜	13.39	13.79
66⅜	57	Funding 5¾pc '87-91‡‡	64xd	+⅜	8.93	12.02
90	72⅝	Exch. 11pc 1991	88	+¼	13.11	13.92
96⅜	81¼	Treasury 12¾pc '92‡‡	94⅛	+⅜	13.78	13.87
82⅞	69⅞	Treasury 10pc 1992	80⅛	+¼	12.55	13.56
94⅝	79	Exch. 12¼pc '92	90⅛	+⅛	13.65	13.79
101⅛	84¼	Exchequer 13½pc '92	95¾xd	+⅝	14.03	13.76
96¾	79¼	Treasury 12½pc '93‡‡	92¾	+⅜	13.75	13.69
63⅞	53¼	Funding 6pc 1993‡‡	60⅞xd	+⅜	9.84	12.12
105¼	84	Treasury 13¾pc 1993‡‡	101⅛	+⅜	14.12	13.71
107¼	90⅞	Treasury 14½pc '94‡‡	102⅛	+⅜	14.24	13.91
104¼	82⅝	Exchequer 13½pc 1994	100⅜	+½	14.14	14.01
95⅝	79¼	Exch. 12½pc 1994	90⅞	+½	13.83	13.81
79⅜	63¼	Treasury 9pc '94‡‡	76¼	+⅜	12.16	12.97
92⅞	75⅞	Treasury 12pc '95	88⅝	+¼	13.76	14.22
51¼	42	Gas 3pc '90/95	47¼	+¼	6.49	10.73
83	68	Exch. 10¼pc 1995	79⅜	+¼	13.13	13.75
100⅛	79½	Treasury 12¾pc '95‡‡	96¼	+⅜	13.82	13.76
104⅞	85⅝	Treas. 14pc '96	100¼	+⅜	14.22	13.86
76⅛	63¼	Treasury 9pc '92/96‡‡	72¾xd	+¼	12.35	13.10
115⅝	91⅝	Treasury 15¼pc '96‡‡	111⅛	+⅜	14.41	14.09
103½	82	Exchequer 13¼pc '96‡‡	99⅜	+⅜	13.91	13.77
100⅜	90¼	Treas. 2pc I.L. '96‡‡	94xd	......	—	—
[illegible]	[illegible]	Redemption 3pc 1986-96	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday March 9 1982

NHS given extra cash for nurses' pay rise

BY IVO DAWNAY, LABOUR STAFF

THE GOVERNMENT yesterday allocated an additional £81.9m to its £6.5bn health service pay budget in a move which is certain to take the offers due to be made today to nurses and midwives above the 4 per cent public sector pay ceiling.

The new funds—two-thirds of which will be paid by the Government's special contingency reserve and the rest by health authorities—will be available only to nurses and *other skilled staff*.

The additional payments were immediately condemned as inadequate by all three principal health service unions which are seeking a 12 per cent pay increase and shorter working hours.

Announcing the allocation in reply to a Commons question, Mr Norman Fowler, Health and Social Services Secretary, said the money had been made available "to ensure that the service can recruit and retain trained staff needed for patient care."

It is also understood, however, that the Government has been under increasing pressure from backbench MPs to make nurses a special case in the light of other public sector awards which have breached the 4 per cent ceiling.

The £81.9m package will provide £63m for nurses and midwives, £5m for other professional medical workers such as physiotherapists and chiropodists, £1m to ambulance staff and £300,000 to hospital pharmacists, with the balance covering additional national insurance and superannuation costs.

The detailed distribution of the funds will be made by the Whitley Councils, the National Health Services' negotiating forum, which are due to put formal offers to *staff at a series* of meetings this week.

The most vociferous opposition to the Government's move came yesterday from the National Union of Public Employees which represents 300,000 health service workers.

Mr Bob Jones, national officer, said Mr Fowler's statement was an "unacceptable prescription" which would do nothing to alleviate low pay in the service.

"It is clearly an attempt to divide and rule staff employed in the health service and Nupe will resist this with all the *power it can muster," he said.*

The Royal College of Nursing, which represents 194,000 nurses, said the offer was likely to increase the year's pay award to 6.3 per cent.

But it added: "While in some measure it is pleasing, it is only halfway to the 12 per cent we have been demanding. Realistically, it is not enough."

The Confederation of Health Service Employees also condemned the new funding as inadequate. "The negotiations this week will go ahead on the 12 per cent claim," it said.

Belgian plan to extend austerity measures

By Larry Klinger in Brussels

THE BELGIAN Government yesterday proposed wide-ranging spending cuts, increased taxes and higher social security charges to reduce public expenditure by BFr 112.5bn (£1.4bn) this year.

The moves are the most politically sensitive in the recent series of austerity measures. They are aimed at shoring up the crumbling economy and *restoring international confidence* in Belgian economic management.

The proposals include:—

● Cuts of BFr 15bn in unemployment benefits.

● Savings on health care totalling BFr 6.5bn.

● A reduction of BFr 5bn in spending on pensions.

● A cut of BFr 2.4bn in the previous Government's defence *spending provisions.*

● Higher taxes on single people and those earning more than BFr 3m a year to yield BFr 10bn.

● Increased social security contributions to raise BFr 10bn.

The proposals are not as harsh as those recently recommended by the European Commission, but are in line with the views of private sector economists.

Unemployment

Industrialists and bankers have said bigger cuts would be dangerously deflationary following the recently imposed *national wage and price curbs*. The prices of many goods and services were frozen last month. At the same time Mr Wilfried Martens' Government acted to keep pay increases this to a maximum 3 per cent in real terms.

The government's immediate problem is with the unions. It said yesterday that unemployment—at more than 450,000, or about 13 per cent of the workforce—is likely to rise to 520,000 by the end of the year before measures for job-creation and economic revival can fully take effect.

Ministers will try to win the support of national union *leaders at a series of meetings* this week.

Protest demonstrations continued over the weekend, however, and union pressure is being increased.

Militant workers at the Cockerill-Sambre steel combine centred on Liege and Charleroi yesterday decided to continue their 10-day stoppage. The socialist-led unions have called a two week series of 24-hour rotating strikes for various parts of the country, starting today.

In addition to increasing taxes on the better off, the Belgian Government said its proposed savings on unemployment pay are based on a crack-down against wide abuse of a loophole which allows wives employed by their husbands to draw full benefits after only token employment.

The government has suggested it may extend its price freeze on some items until the end of the year. If this is applied too rigorously, it could alienate the Government's support in industry.

In other measures, the coalition is seeking economies in ministries.

Belgian steel strikers, Page 2

Continued from Page 1

Costs

10), ½ per cent higher than in January.

● The volume of retail sales rose in January to 107.0 (1978=100), according to final Trade Department figures yesterday. This increase, from 104.6 in December, is thought to indicate that December sales were abnormal lylow. From November to January, sales were ½ per cent lower than in the previous three months.

The value of total retail sales in January was 8 per cent higher than in the previous January, although the volume was 1 per cent lower.

Sweeping TUC council changes may be stopped

BY JOHN LLOYD, LABOUR EDITOR

UNION LEADERS opposed to the sweeping structural changes to the TUC's general council at last year's TUC Congress, believe they will muster a majority against the plans at this year's congress in September.

The 490,000-strong Association of Scientific, Technical and Managerial Staffs, which voted for the changes last year, is now likely to vote against them.

The ASTMS vote would not in itself reverse last year's vote of 6,441,000 in favour to 5,143,000 against, but it is thought the National Union of Public Employees, with nearly 700,000 votes, might also now oppose. If it did—or if a smaller union were to change it vote—the hotly-debated changes would not go through.

Mr Clive Jenkins, ASTMS general secretary, said yesterday the proposals for change advanced by the TUC were "inadequate and unsatisfactory." They would produce an over-large and unwieldy general council. He wished to avoid a "situation where we simply added seats."

The council has accepted in principle the congress decision to change, which would put on to a future general council the leaders of all unions with memberships of more than 100,000—the so-called automaticity principle. Many of the unions who would benefit from this move are led by right-wingers.

This would mean a number of smaller, generally left-led unions, would *ultimately lose* seats—though the proposals drafted by the TUC assume that the leaders of small unions who are general council members would remain there until they retired.

The issue has divided the TUC unions in spite of the efforts of Mr Len Murray, the TUC general secretary, to bring in structural reform in a neutral fashion. The powerful Transport and General Workers Union, with 1.7m members, has been solidly opposed to the changes.

Mr Moss Evans, the TGWU general secretary, yesterday denied a report that the union was attempting to set up an alternative power base to the TUC, composed of a number of smaller unions, also opposed to change, under the TGWU's umbrella.

In a letter to The Times today, Mr Evans says: "There is not the slightest intention" to set up a rival centre.

"Certainly we have been *exchanging views with other* trade unions about the decision of Congress to change the structure of the General Council, but these are not with any particular group, committed to left, right or centre."

The TUC proposals on the structure will be discussed at the next meeting of the TUC's Finance and General Purposes Committee on March 22, and are likely to come up at the General Council meeting on March 24.

Labour confrontation postponed

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR LEADERS yesterday postponed the confrontation—which threatens to shatter the party's fragile truce — over whether members of the Trotskyist Militant Tendency should stand as official Labour candidates.

The party's organisation committee voted unanimously in favour of making Mr Pat Wall, the Militant member chosen as candidate for Bradford North, go through another selection conference. But they endorsed Mr Derek Sutton, another member of Militant, as Labour candidate for Liverpool Wavertree.

A move to prevent further members of Militant being endorsed as Labour candidates until after the party's inquiry into Militant activities has been completed was heavily defeated.

At the weekend Mr Wall incensed many Labour MPs when he warned Britain must either transform society or face civil war.

But his speech was not a factor in the decision to call a new selection conference. Instead, the committee agreed that minor rules had been broken during Mr Wall's selection.

A new selection contest will be held — although probably not until well after the May local elections. This means Mr Ben Ford, the sitting MP who was defeated by Mr Wall, will have a chance to stand again. Since membership of the local party will be frozen until a new candidate has been selected, however, it appears likely Mr Wall will be chosen again.

Whether he stands for Labour at the next election will then depend on the outcome of the inquiry into Militant.

Mr Wall's speech will be considered by the inquiry. Yesterday Labour moderates said the speech provided them with their most powerful ammunition yet in their campaign to rid the party of Militant.

The tone of Mr Wall's speech was at odds with Mr Michael Foot's commitment to parliamentary democracy. But yesterday the Labour leader did not actually repudiate Mr Wall by name. Instead he reaffirmed Labour's commitment to parliamentary democracy, and pointed out that the national executive had, on his instigation already set up an inquiry into Militant in an attempt to ensure that "our principles of parliamentary democracy are upheld."

Hungarian banker warns on over-caution

BY Peter Montagnon in Basle

DR JANOS FEKETE, a leading East European central banker, warned yesterday of a chain reaction of debt problems and insolvencies if banks become over-cautious in international lending.

Dr Fekete, vice-president of the Hungarian National Bank, told a Basle Statistics Society symposium that general caution after the Polish and Romanian debt crises would create economic difficulties in other countries. *This could* lead to worse problems for the banking system.

"If one house is burning, there is a natural tendency to expect the house next door to catch fire even if there is no reason why that should happen."

Hungary had been affected by the Polish crisis is so far as it could dno longer raise long-term money, he told journalists later.

At the moment all its borrowing had to be short-term in nature and "I am not happy about that," said Dr Fekete. He is one of the most respected bankers in Eastern Europe.

There was no chance of Hungary being able to raise a medium-term Eurocredit in the first half of this year, though this might change in the second half, he said.

Dr Fekete declined to be drawn on Hungary's specific borrowing activities. He stressed the caution on lending shown by international banks. He said it was overdone and wasteful at a time of high unemployment and slow economic growth worldwide.

He said Hungary did not deserve the treatment it was receiving, having always managed its foreign debt very carefully. Loans were put to productive use in projects that would generate export revenues.

Hungary shunned short-term supplier credits and began a process of gradual economic adjustment to the shock caused by high oil prices. In the first half of last year Hungary was able to reduce its debt to international banks by $1bn.

Euroflame Holdings faces inquiry

BY JOHN MOORE, CITY CORRESPONDENT

THE DEPARTMENT of Trade is to make its first inquiry into a company quoted on the unlisted securities market after a complaint.

Two Trade Department inspectors will investogate Euroflame Holdings, the cooking appliances distributor.

The inquiry is to be carried out under section 165 (b) of the 1948 Companies Act.

Euroflame has been beset with problems since it came to the market in 1981. Its business is mainly dependent on Kamina chef cooker sales and other appliances made by Effel, of Belgium. It came to the unlisted securities market less than a year ago but not before hitches in the flotation proceedings.

Mr John Viall, Euroflame chairman, indicated at the last minute that he would be disappointed to see profits less than £450,000 for the year. Since the sale prospectus included no forecast the company was obliged by the Stock Exchange to issue a revised version.

This appeared last March with a qualified forecast "in the absence of unforeseen circumstances" of £335,000. Earlier this year the group said it would show a substantial loss, the interim dividend would be dropped and no final dividend woul be declared for 1981.

At the beginning of this year on the advice of Tring Hall Securities, which brought Euroflame to the market, a special report on the company was prepared by accountants Stoy Hayward. The report was completed three weeks ago and a copy passed to the Stock Exchange.

It studied the profit forecasts and the group's financial affairs. Tring Hall said yesterday it welcomed the inquiry. The Stock Exchange has been carrying out its own inquiry into dealings in the group shares ahead of the last profit forecast announcement.

Tring Hall, the City issuing house, launched Elroflame by selling part of its 75 per cent holding in the company. Tring Hall retains a 36 per cent stake.

Euroflame has attempted to strengthen its board. Mr J.E.A. Mocatta, former managing director of United City Merchants, was appointed.

The unlisted securities market was established to accommodate smaller companies lacking a long trading track record who were seeking capital. Regulations for the launching of these companies are not as strict as for an official listing. The market has rapidly expanded since the Stock Exchange first gave its approval in 1980.

Why tipplers should toast Howe

BY ROBIN PAULEY

WHATEVER Sir Geoffrey Howe, the Chancellor, does to the price of drink in his Budget today he is unlikely to double the price of a bottle of whisky—which is almost what he would need to do to restore its real cost to the level of 20 years ago.

The exceptional kindness shown by successive Chancellors to spirits tipplers has been revealed by the Treasury which has calculated the price of beer, spirits, wine and cigarettes as an index, taking the 1962 price for each as 100.

The index for spirits never rose above 109 (1966) and has been under 100 since 1968, falling more or less consistently every year to reach a low of 53 last month. This price index is for an average cost bottle of whisky, including excise duty, at an off licence.

The figure for beer, on the other hand, show that Chancellors have over the years been much less generous to its drinkers. This is largely because beer is a much more buoyant source of revenue for the Exchequer providing *roughly twice as much as all* spirits put together.

Beer started at 100 in 1962, quickly jumped to 111 by 1964 an dthen fluctuated around the 110 mark until 1975. It jumped to 117 in 1976 and last month was up to 125.

The calculations also suggest the Chancellor is unlikely to have been impressed by this year's vigorous campaign by newsagents and tobacconists for softer treatment of tobacco duty.

The cost of a packet of 20 standard-tipped cigarettes started at 100 in 1962, reached 110 in 1965 an dhas fallen in real terms ever since. It reached 84 last month, exactly the same as in 1977 and only one point below the 1972 price.

Wine drinkers would also have to absorb a hefty duyt increase today before they could complain that table wine prices at an off licence had returned to their 1962 level of 100, never mind the 1969 level of 132. Last month's price index was just 70.

To restore real prices to their 1962 level, the Chancellor would need to add 88.5 per cent to the whisky price index, 43 per cent to the wine index, and 19 per cent to the cigarette index.

THE LEX COLUMN

BTR stays in top gear

The BTR formula for extracting glamorous returns from unglamorous products is proving resilient to the recession. Profits *from the UK fell by £4m* to £26m last year but group pre-tax profits steamed ahead 28.2 per cent to £90.1m and the return on net capital employed remains just above 25 per cent.

So shareholders are unlikely *to complain* about BTR's *fairly* frequent requests for funds. A reduction in the tax rate has almost fully compensated for the dilution airsing from 1980's rights issue and the dividend has been bumped up by 23 per cent.

A further cash call looks unlikely for the time being. BTR is comfortable with net debt representing 47 per cent of shareholders funds and there is apparently no acquisition in the pipeline. Last year, BTR relied heavily on new businesses to keep the profits engine rolling. Serck contributed nothing at the bottom line but the earlier Huyck acquisition helped to push the contribution from the Americans up 80 per cent to £29.5m and additions to the stable accounted for roughly 10 per cent of profits from South Africa and Australia.

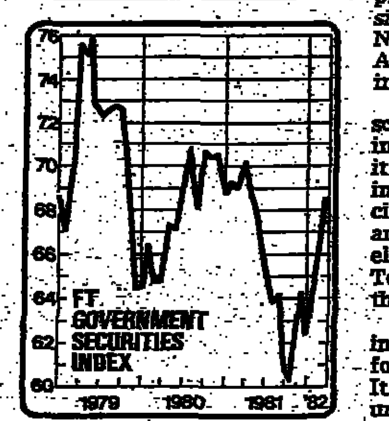
The current year should see BTR improving to around £110m without much help from acquisitions. The £27m which has been pruned from UK operating costs over the past two years should reverse the trend in UK earn*ings and, if the Monopolies Com*mission permits, Serck will start contributing.

At 350p, the shares are close to the top of their recent trading range and yield only 3.6 per cent. BTR's group trading margins are already over 15 per cent, so there is a good deal more room for recovery among weaker companies when the UK economy revives. But the City shows no sign of losing faith in a perennial favourite.

ACC

The long drawn-out battle for ACC seems to be entering a more decisive phase. Up to now Mr Holmes à Court has been seen as a profit-taker. If so, his latest bid of 95p takes him onto dangerous ground. Of course, it is possible that pressure from the Takeover Panel after the discovery of last week's surreptitious *share buying* has been an influence. At any rate this latest offer appears fairly straightforward, without some of the conditions seen earlier.

Index rose 3.4 to 564.1



An asset stripper with time and money on his side might estimate ACC's worth at something in the region of 130p, and would allow perhaps 20p for hidden horrors. The film On Golden Pond daily appears more valuable and, even though only 25 per cent of the film, TV and video rights have been retained, should still be worth a further 6p or so a share. Meanwhile, since Mr Holmes à Court would be a forced seller of the *majority stake in CTV*, ACC would appear to be worth less to him than to a UK concern.

After so much effort in the courts to open upt he opportunity for a conventional bid battle, Heron may be reluctant to bow out with its outstanding 90p offer. The risk for shareholders in holding on till the last minute has been reduced by the close interest being demonstrated by the Takeover Panel, although unpleasant surprises cannot be ruled out. The shares rose 2p yesterday to 96p.

Touche Remnant

Not long ago many of Touche Remnant's investment trusts were languishing at discounts of over 30 per cent—but the announcement of impending change works wonders. The market has known since just before Christmas that some reorganisation was in the air, and the average discount has crept back to around the sector average of 22 per cent.

Apart from the now ritual name changes, 10 of the 12 portfolios under Touche manage*ment have been significantly* restructured, with investment aims clearly set out. Besides familiar friends like technology (though it is "advanced" in this case) and smaller companies, institutions now have at their disposal the first specialist property investment trusts and sizeable new Australian and North American vehicles. American trusts are surprisingly rare and invariably small.

Unlike Fleming, whose scheme is now back to the drawing board, Touche may have got *it right first time*. Brokers and institutions like to know precisely what they are buying, and although there is an element of reshuffling involved Touche now seems to be making the best use of its expertise.

There *is* a danger, however, in thinking that specialisation for its own sake is the answer. It may carry a premium when unwieldy general trusts are the rule, but what happens when everyone specialises? The share prices of Far East specialist trusts have moved down since Drayton Commercial began concentrating on Japan. And the institutions still fel there are too many trusts: Touche's *commendable decision* to sacrifice Cedar in this exercise may ultimately not be enough.

Markets

The financial markets went *about their business in the now* familiar way yesterday, knocking gold $16¾ to $325½ while bond prices moved serenely upwards. U.S. prime cuts followed a very good set of U.S. money supply figures, while the British wholesale price indices for February were very satisfactory, if less spectacular on the input side than the downward spiral of commodity prices might have suggested.

But sterling was weaker than for some time, and the Bank of England signalled once again to the money markets that it would like to see some restraint in the decline of interest rates. The discount houses are scarcely more willing at present to sell official rates bills for later repurchase to the Bank of England than to sell outright, so yesterday they ended up borrowing for two days at the modestly penal rate of 14 per cent. Much the same may happen today, when a big shortage is on the cards.

The gilt-edged market closed below its best levels, braced for an instant tap stock as soon as the Budget is over and apparently confident that a new issue will not cause as much damage as the notorious 1990 "Dog" unleased a year ago.

Weather

UK TODAY

SHOWERS, wintry at times.

London, S.E. England, Midlands
Sunny intervals, occasional Showers. Max 9C (48F).

E., N.W., N.E. England, S., N.E. Scotland
Sunny intervals and scattered showers. Max 8C (46F).

S.W. England, Wales
Mostly cloudy, bright intervals, showers. Max 9C (48F).

Rest of Scotland, N. Ireland
Showers, cloudy later. Max 7C (45F).

Outlook: Unsettled, windy. Near normal temperatures.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	Locarno	R	2	36
Algiers	C	14	57	London	S	8	46
Amstdm.	S	7	45	L. Ang.†	C	15	59
Athens	C	8	46	Luxmbg.	S	6	43
Bahrain	S	20	68	Luxor	S	27	81
Barclna.	S	10	50	Madrid	S	9	48
Beirut	S	17	63	Majorca	C	9	48
Belfast	F	5	41	Malaga		16	61
Belgrd.	S	7	45	Malta	C	14	57
Berlin	S	8	46	M'chstr	R	6	43
Biarritz	C	9	48	Mex.C.†		—	—
Bmghm.	C	6	43	Miami†		—	—
Blackpl.	R	5	41	Milan	R	4	39
Bordx.	C	9	48	Montrl.†	F	11	52
Boulgn.	S	5	41	Munich	S	8	46
Bristol	F	7	45	Nairobi	F	29	84
Brussels	S	8	46	Naples	C	15	59
Budpst.	S	6	43	Nwcstl.	C	6	43
Cairo	S	23	73	N.York†		—	—
Cardiff	R	6	43	Nice	S	12	54
Cas'b'ca	F	16	61	Nicosia	F	18	64
Cape T.	S	26	79	Oporto	S	12	54
Chicg.†	F	−13	9	Oslo	S	0	32
Cologne	S	7	45	Paris	S	7	45
Cpnhgn.	S	3	37	Perth	S	21	70
Denver†		—	—	Prague	S	8	46
Dublin	S	6	43	Rykjvk.	C	−3	27
Dbrvnk.	F	14	57	Rhodes	F	17	63
Ednbgh.	C	5	41	Rio J'o†		—	—
Faro	S	17	63	Rome	R	11	52
Florence	F	15	59	Salzbrg.	S	9	48
Frankft.	S	6	43	S'ciscot	C	12	54
Funchal	C	14	57	Singapr.	C	30	86
Geneva	S	6	43	S'tiagot		—	—
Gibrltr.	S	17	63	Stckhm.	S	4	39
Gl'sg'w	C	7	45	Strasbg.	S	7	45
G'rnsey	F	6	43	Tangier	S	17	63
Helsinki	S	4	39	Tel Aviv	S	18	64
H. Kong	C	15	59	Tenerife	F	20	68
Innsbrk.	S	10	50	Tokyo	S	7	45
Invrnss.	C	7	45	T'r'ntot		—	—
I.o.Man	S	7	45	Tunis	C	15	59
Istanbul	C	6	43	Valencia	S	14	57
Jersey	C	6	43	Venice	C	9	48
Jo'burg	F	23	73	Vienna	F	4	39
L. Plms.	C	19	66	Zurich	S	5	41
Lisbon	F	14	57	[illegible]		[illegible]	[illegible]

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

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